

NTABANKULU LOCAL MUNICIPALITY

ANNUAL BUDGET



2016/2017 ANNUAL MTREF

ANNUAL BUDGET OF

NTABANKULU LOCAL MUNICIPALITY

2016/17 TO 2018/19
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
MM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
EE	Employment Equity
M	Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant

RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

The State of the Municipality Address 2016/2017 delivered on the 31 May 2016 in Mafu JSS

Program Directors;
Madam Speaker;
Fellow Councillors;
Members of the Executive;
Our most important foot soldiers as government, our Ward Committees;
Fellow Mayors and Speakers from our sister Municipalities;
inkosi zethu zamakomkhulu onke;
Invited Guests and Dignitaries;
Leaders from Political Parties;
Religious Leaders;
A special greeting to the Mayor of Westonia Municipality;
Fellow Citizens,
Friends, Comrades and Compatriots,

Allow me to greet you all as I stand before you today.

Today I greet you as a humble servant and a proud man.
A man that is proud to have been given the honour of serving his people.

I am standing here to fulfil my constitutional obligation as the Mayor of Ntabankulu.
I am standing here having been discharged with the responsibility of presenting before you the state of the Municipality as it is in the 2015/2016 financial year.
Equally I am going to present before you the IDP and the Budget for the upcoming financial year.
Also I am going to present Policies of the Municipality.
Most Importantly in this day I am entrusted with the responsibility of reporting to you the work that has been done by this Council over the past five years since 2011.

Before I do that my dear friends, allow me first to say that the journey leading to this day has not been easy.

We have lost some of the councillors with whom we have started this journey.

Allow me therefore to say that I bid farewell to the Councillors that we have lost over the years since 2011

We lost the former speaker, Councillor Nomonde Ntamo, Cllr. Nobangaye, Cllr. Mabuyisa Dinwayo, Cllr. Sipho Nompula, Cllr. Noxolo Mazaza.

Where they are these comrades have inspired us.

We have done our work to honour those fallen heroes.

May their spirits live forever and may their souls rest in peace.

My dear friends and compatriots.

Ntabankulu has changed and Ntabankulu has grown.

When we were sworn in as the Executive, we committed ourselves to change Ntabankulu and to change it for the better.

Everywhere we went we continuously highlighted that change.

We had a vision of a wave of change that swept through the corridors of Ntabankulu.

We said that wave would sweep underdevelopment and poverty out of Ntabankulu.

A wave that would usher a new begging.

We defined that new beginning as an agenda of accelerated development in our area.

That we did on the fundamental principles of our vision as the municipality.

Our vision has always been to create a developmental municipality that creates an enabling environment which empowers and develops community economically and socially to ensure sustainable and affordable services.

From the very first day it became clear to us that we would never achieve that vision alone.

Having seen that we opened our doors to everyone to come in and talk to us.

As such, we embarked on a campaign to invite everyone to join in the agenda.

We called all stakeholders to come in and play a meaningful role in shaping the future of Ntabankulu.

In that note allow me to send a special message of thanks to all those who have been part of this great journey as we endeavoured to make history.

I wish to thank all religious leaders who have been here with us praying for us and giving us support.

A special thanks to the Traditional leaders, who have walked side by side with us. Together we have gone as far as meeting with the president to tell him that Ntabankulu needed help. Indeed your support must never go unappreciated Bantwana begazi.

I also wish to thank all Business People, Professionals, Ratepayers, Hawkers, Taxi Owners, and Civil Society.

Without your support and advice, we would never achieve what we have achieved.

To this day our open door policy remains our priority.

We rely on our people to walk with us.

Dear Friends and Compatriots.

The road behind us has been very challenging.

As I look back over the years, I am constantly reminded of a quote **from Amilcar Cabral**.

I have always thought of his words every day when I execute my work.

He has inspired me every time when I address people.

He once said **“Always bear in mind that the people are not fighting for ideas, for the things in anyone’s head. They are fighting to win material benefits, to live better and in peace, to see their lives go forward, to guarantee the future of their children. Hide nothing from the masses of our people. Tell no lies. Expose lies whenever they are told. Mask no difficulties, mistakes, failures. Claim no easy victories...”**

We have survived the most trying times of any democratic government.

Over the past five years we have seen a growing number of service delivery protests. Some of those protests have been the most violent we have ever seen. As I speak today I am deeply hurt that last week on Monday two families have lost their loved ones. They lost them in a bitter wrestle between rioting communities of ward 18 and the Police. Our hearts are with those families. I wish to express my condolences to those families and the people of that particular ward. Equally we have a responsibility to condemn this act of public violence. We encourage people to continue to embark in peaceful means to ensure a stronger democracy and accelerated service delivery. Violence will not solve anything.

What we must say however is that, what we have observed is that we are victims of our own successes. People are rioting because they see that their neighbours are getting services and become impatient and demand more from us. It is because we have delivered more and people begin to see that we are capable. Whatever the case my dear people, we must condemn public disorder wherever it raises its ugly head. We must encourage our people to talk to us freely and openly. However in the event where they feel like protesting they should do so in lawful means. They must exercise their democratic right to protest, but equally must respect the rule of law and the rights of fellow citizens.

My dear beloved people,
Another greatest challenge is that we are a relatively small municipality. We thus rely heavily on grants and thus we do not have enough funding to fulfil our service delivery obligations. However challenges we have, we have been on a campaign to rally assistance from Government. That is why we have been able to receive huge injections from National and Provincial Government. In this regard I wish to send my special thanks to the Premier of the Eastern Cape, Honourable Pumulo Masuale. Through his commitment to the people's service we now boast of a Sub Station that is being constructed in Kwa Nodali in Macwerheni. That substation will be completed in November this year. Siyabulelela Gcwanini.

My fellow Compatriots,
Allow me to Present the progress on the work that we have done over the past five years.

Before I go to the details of our achievements allow me to reflect o some of the most outstanding achievements that this Council has done. I say this because, through our innovation and passion to make change in people's lives, we have embarked on some of the life changing endeavours. We have been able to raise funds outside the municipality's budget and did the following:

- ❖ We have embarked on a Mandela day campaign last year. Inspired by the late Nelson Madela's life we strived to do things that would touch directly the lives of the needy.
- ❖ We built two houses for needy people in Ward 02 and in Ward 11. We can now boast that we have put shelter over the roofs of families. I don't need to remind people that provision of house is the competency the Department of Human Settlements.

- ❖ We renovated Ndile Preschool, Provided school uniforms to hundreds of learners in wards,
- ❖ I must also highlight that we broke new grounds in education. As the executive we wanted to make a measurable contribution to take our children to school. We understood that education is very key in unlocking the bondage created by poverty. And so we coordinated a fundraising gala dinner in which we managed to raise over half a million Rands in commitments. From that money we took 20 financially needy students and academically qualifying to Walter Sisulu University. I must note that Walter Sisulu University was the institution of choice as we also have a Memorandum of understanding with them.
- ❖ We entered into a partnership with Mindset Learning Chanel which saw us distributing Study Guides and Revision material to all 11 high schools around Ntabankulu. These study guides are focusing on Mathematics, Physical Science, Life Sciences and Accounting. These are identified as crucial subjects which we need more investment in.
- ❖ We formed a furniture manufacturing cooperative in ward two with five beneficiaries. All those five beneficiaries are now doing practical training after received formal training in Furntech in Mzimkhulu. They are going to renovate furniture in schools and to build all wood related products. This is a very ambitious project that we wish to see succeed to create more jobs.
- ❖ We also baost of 20 learners who are currently doing Hospitality Management in Mafikeng. These are needy students who now will become professional cheff's and be employable in five star hotels.
- ❖

All the above initiative we did because we felt we needed to do more.

I must send a special thanks to all the stakeholders who have contributed to these initiatives. From Municipal Employees, Councillors, Business People and civil society who all made pledges and commitments.

Allow me to bring before you the work of this council

On Electrification

As I have said before one of our greatest challenge has been lack of funding and poor revenue collection.

We have noted that in all areas where there have been protests, Electricity has been the cause.

When we took the leadership in 2011, the backlog on electrification in Ntabankulu was sitting at 82% in 2011.

That already terrible situation was worsened by the drop in allocation to only R5 million in 2012/2013.

By the time the intervention was made to introduce the new executive in 2013 only about 22% of households were receiving electricity in Ntabankulu.

I must confess that it was the worst challenging time any Mayor could ever face.

It was the time when the service delivery protests were starting to go out of control.

Fuelled by the 2014 ellection season the situation got worse.

As the council we had to intensify our lobbying and advocacy for more funding and we approached the premier and the President for help.

We even went as far as to borrow money from the Development Bank of South Africa.

An initiative that was criticised by many, however we went ahead.

As hard as the situation was we are able to achieve the following.

Projects in the Financial year 2010/2011 through Schedule 5B Funding we used R10m to electrify

Ward 5: Chibini, Manaleni and Mpolosa with 700 households

Projects in the Financial year 2011/2012 using Schedule 5B Funding we used R15m to electrify

Ward 3: Ngcwamani, Dinwayo & Ntlambashe with 945 Households.

In the Financial year 2012/2013 our allocation dropped from R15 million to only R5m and we only managed to electrify :Ward 15 Mowa and Vulindlela with 133 households

During the Financial year 2013/2014 our allocation increased to R20m and we electrified the following:

We completed Vulindlela and Hlankomo with 270 households more from the previous year.

We then went to do Ward 14: Ncama 70 households;

Ward 10: , Magqagqeni & Kwa-Zulu 403 households;

At the same time through ESKOM funded Projects in the Financial year 2013/2014 R38m was allocated to do the following:

Ward 4: Zinyosini 400 households

Ward 7: Madwakazana 226 households

Ward 8: Bhukazi & Bhonga 569 Households

My fellow Compatriots we did the following Projects in the financial year 2014/2015

Through our own Schedule B funding of R30m we did

Ward 6: Matshona, Taleni 551 households

Ward 10 Maqoyini 65 households,

Ward 17 Dedelo & Luncedweni 475 households

Ward 16 Marhamzeni at total of 264 households

At the same time through our controversial DBSA Loan of R40m we did the following

Ward 18 Jakuja & Lokhwe 524 households

Ward 7 Ntsinyane & Jiliza/Ndakeni 465 households

Ward 9 Qiphu & Mcepheni 281 households

Ward 12 Tsita 220 households

Ward 13 Magcakaneni 100 households

Ward 14 Mbangweni 250 households

Electrification distribution through Re-gazetted Funds of R4, 5m was able to electrify the following

Ward 8 Sikhululweni/Dambeni at total of 269 households

The following projects are under implementation for the financial year 2015/2016. They are now work in progress. This is a historic moment for us because in the history of Ntabankulu, there has never been a Sub station.

Through ESKOM Electrification and through Schedule 5B: R32,4m.

Amacwera 132/22kv 20 MVA substation(this projects will roll over to financial year 2016/2017)

Qumbu - Amacwera 132 Kv 40 km line

Qumbu s/s - Amacwera 132 Kv Feeder Bay

This should be able to complete the sub station scheduled for completion in Novemeber.

I must thank the people of the Macwerheni area for having been patient with us.

We understand that they wer equally frustrated, but at least we will now start rolling out electricity in Macwerheni.

The following projects are also in the same R32.2 m, schedule 5B funding that is currently underway.

- *Amanci Project (Ndwana): 100 households*
- *Xesibe(Gxwaleni) project: 150 households*
- *Kwa Veni 40 households*

The following Projects are also under implementation in this current financial year 2015/2016 and are funded through INEP FUNDING of R33 6m

- *Electrification of 360 households at Mthukukazi in ward 03*
- *Electrification of 366 househods at luncedweni, 344 households at Mbongweni and 135 households at Kwa Ntuli (KwaNtuli and Mbhongweni to roll over to the financial year 2016/2017)*

Projects under implementation for the financial year 2015/2016 and funded through Equitable Share Funding: R2m

- Installation of 20 solar powered street lights in Ntabankulu town

My fellow Compatriots,

Allow me to bring you the planned projects for the coming 2016/2017 financial year

In the following the financial year 2016/2017, using our INEP FUNDING: R 18, 9m we shall:

Electrify 134 households in Buhlambo village in ward 17;
Electrify 240 households at Tonti village in ward 15;
Electrify 307 households at Mhlonyaneni village in ward 6;
Electrify 60 households at Mthukukazi village in ward 3

During the same 2016/2017 financial year through the intervention from OFFICE OF THE PREMIER we have received R 25m for the electrification of the following areas:

344 households at Mbhongweni village in ward 17;
Electrification of 135 households at Kwantuli village in ward 17;
Electrification of 150 households at Tembile village in ward 16 ;
Electrification of 249 households at Mazeni village in ward 16;
Electrification of 140 households at Ndile village in ward 3;
Electrification of 182 households at Mngeni/Drayini village in ward 7.

Our ESKOM Planned Projects for the financial year 2016/2017, with an allocation of R98, 5m, we shall electrify the following:

HOUSEHOLDS

- Amacwera 04: Ku Dwaku, Ngqina, Sidakeni, Silindini, 1600 households
- Mphemba: Siyaya, Sikhulu, Mpendla, 326 households
- Dikwayo: Mabofu, Solomon: 445 households
- Ntabankulu infills: 146 households
- Amanci 03 SP: Ndwana, Sihlonyaneni: 353 households

- *Xesibe 01 SP: Gxwaleni(Maliwa, Zanokhanyo & Ntshentshe), Fortfonald(Skwatini, Siphetu & Zola), 600 Households*

In the provision of Bulk infrastructure using R5.5m we shall erect:

Amacwera 04 SP linkline:

Dikwayo Linkline:

Mpemba Linkline :

Eskom shall also use R1.3 m to design Amacwerha 01 and Amacwerha 04 electrification projects.

Madam Speaker,

I must reiterate that through the Premier's intervention, we now boast of R146 m to be utilised in the 2016/2017 financial year to do the following Infrastructure:

Amacwera Substation 132/22Kv 2X20MVA S/S:

Qumbu –Amacwera 132 Kv Feeder Bay:

Mzintlava Feeder bay & 30 km linkline:

Once More on behalf of the people of Ntabankulu, I must express my heartfelt Gratitude to Premier Massuale for his intervention.

It is clear that we have a Premier that cares

I must also mention that we are going to use our own Equitable Share of R2.5 million to Install 25 solar panel street lights in the urban area.

Installation of 25 solar powered street lights in Ntabankulu

Our INDIGENT SUPPORT initiatives have included the following

In the 2014/2015 Financial year using Equitable Share an amount of R8.2 m was allocated to provide support to the following:

365 beneficiaries for electricity;

5580 beneficiaries for paraffin;

100 beneficiaries for solar;

Job creation through distribution of paraffin to all 18 wards at R540,000

In the 2015/2016 Financial year an Equitable Share of R8.2m was used to support the following

1725 beneficiaries for electricity;

3700 beneficiaries for paraffin;

155 beneficiaries for solar and;

Job creation through distribution of paraffin to all 18 wards at R576,000

In the upcoming 2016/2017 Financial year we have allocated an Equitable Share of R7, 5m to support:

1741 beneficiaries for electricity;
3684 beneficiaries for paraffin & Bi-monthly 5litres X 165;
155 beneficiaries for solar ;

My dear friends and compatriots it is clear we will reach universal access within a shorter period of time than we anticipated.

We must continue to work together as the people of Ntabankulu in this regard.

We must be patient with one another, listen to one another and we must respect one another.

If we work together we can do more.

On Infrastructure.:

That is Roads, bridges and Community Facilities Infrastructure

My dear friends,

As council we believe in the potential of Ntabankulu.

We see a brighter future for Ntabankulu.

We understand that in order to realise that brighter future we must start investing in Infrastructure today.

This we do because we believe that it is infrastructure that builds the economy.

We shall continue to build our Infrastructure.

On ROADS INFRASTRUCTURE;

During the Financial year 2011/2012 using the Municipal Infrastructure Grant of R19m we managed to do the following:

7 kms Bisa –fort-Donald access road in ward 17;
5 kms Nyathi access road in ward 6 ; and
8 kms Bhungeni – Magombeni in ward 16

In the Financial year 2012/2013 using Municipal Infrastructure Grant we used R23m to construct the following:

5,5 kms Siphethu to Dwaku access road in ward 4;
5 kms Bhayi –Madlalisa Access road in ward 01;
7,1 kms Chibini to Gqazi access road in ward 17;
3,1 kms Manzana access road in ward 18 ;
Ndile pre-school in ward 3 and;
7 kms Xhukula access road in ward 6

For the Financial year 2013/2014 using Municipal Infrastructure Grant of R24.477m we constructed:

Hlankomo Bridge in ward 14;
13 kms of Mqatyeni access road in ward 6;

4 kms of Caba-Mhlahlweni access road in ward 10;
5,4 kms of Tshongweni Via Mpisini to Dambeni access road in ward 14;
9,3 kms of Nozolisa Via Nomgalashe passing Magcakaneni to Dambeni in ward 13;
5 kms of Drayini to Mazwakazi access road in ward 7 and;
7,5 kms of Bagqozini access road.

During 2014/2015 a Municipal Infrastructure Grant allocation of R25, 577m was utilized to construct:

Landfill site in ward 9 which has rolled over to financial year 2015/2016
Multi-Purpose centre in ward 9 which has rolled over to the financial year 2015/2016
Rehabilitation of Sihlonyaneni access road in ward 9
Mhlonyaneni Sports Fields in ward 6
Driving testing ground and office in ward 9
Mjelweni motor bridge
7,2 kms of Saphukanduku to Ntshamanzi access road ward 12
2 kms gravelling and 3 km's blading of Mabofu access road in ward 15

during the same 2014/2015 financial year an Equitable Share of R1, 6m was used to embark on the following maintainances:

Maintenance of Social Development Offices;
Maintenance of street lights at main street;
Refurbishment of public ablution facilities at Erf 85;
Maintenance of Transido Market Place and;
Hawker Stalls in ward 9 (urban area to benefit 30 beneficiaries) rolled over to 2015/2016

Projects under implementation Financial year 2015/2016 having used Municipal Infrastructure Grant of R26 3M are the following

Feasibility Study –Bhayi to Ntlangano access road in ward 1;
6 kms Lugangatho –Mpoza access road ward 4 ;
7,5 kms Dinwayo to Dunusweni access road ward 3 and;
7 kms Buhlambo access road ward 17 and;
Ntabankulu Sport Field ward 9
Multi purpose centre ward 9(urban area)
Transido upgrade phase 1 ward 9 (urban area)

Also we have are currently doing the following projects utilizing our equitable share of R7, 1m

- 2 kms Qhiphu access road ward ward 9
- 2 kms Mafinyela access road in ward 14
- Upgrade of community halls (Ward 5 Sidakeni,13 Bakuba, 18 Zola, & ward 8 Bomvini)
- Xhopho Pre-school in Ward 02 and Mpoza Pre-school in Ward 04
- Ablution facilities (public and Erf 85)
- Maintenance of Chibini to Gqazi

- *Maintenance of Drayini to Mzwakazi access road in ward 7*
- *Maintenance of Caba-Mhlahlweni access road in ward 10*
- *Hawker Stalls in ward 9 (urban area to benefit 30 beneficiaries)*
- *Construction of Car wash in the urban area ward 9*

We also boast of a funding that we received from Provincial Treasure. We are using this R40m as part of renewal of the urban area to change the face of Ntabankulu.

In this regard we are surfacing the internal streets in ward 09 in Town.

We have planned for the 2016/2017 financial year the following Infrastructure Projects

In the upcoming Financial year 2016/2017 we shall use the Municipal Infrastructure Grant of R35,5m to do the following

- Rehabilitate 6,5 kms of gravel access road at Buntshentshe in ward 10;
- Construct 5 kms Gogo-Matha Access road in ward 16;
- Construct 9,9 kms of Bhayi-Ntlangano Access road in ward 01;
- Construct 6.5kms of Madwakazana access road in Ward 7;
- Complete Siqokoqweni Bridge Ward 14;
- Construct 4 kms of Mjelweni access road in Ward 12;
- Construct Ntabankulu MPCC in Ntabankulu town ward 9;
- Construct of Cacadu sports field in ward 11 and;
- Upgrade Transido Market place in Ntabankulu town in ward 9

Here are the planned Projects for the Financial year 2016/2017 in which we shall use from the Equitable Share Allocation an amount of R12 8m

Upgrading of Dungu Community hall in Ward 1;
Upgrade of Cola Community hall in Ward 6 ;
Construction of a 75m2 Concreate slab at Xhukula Access Road;
Re-gravelling of 8kms urban street in Ntabankulu town, ward 9;
Construction of Madwaba Preschool in Ward 3;
Construction of Bulelani Preschool in Ward 9;
Constructions of Municipal offices phase 1 at municipal premises in Ntabankulu town ward 9;
Maintenance of Chibini-Nyabeni- Manaleni A/R Mhleleni A/R; Tshona/Daluxolo School A/R;
Fencing of the at Cemetery ;
Maintenance of 3 Community Hall – Ludeke, JJ Ntlabati & Dambeni;
Maintenance of Erf 85,home affairs, social development;
Maintenance of 25 Street Lights in the urban area;
Construction of Car wash phase 2;

My dear friends and compatriots,

We will continue with the Urban renewal and for that we have planned a further R10m from the provincial treasury to continue surfacing the town internal streets. In this regard for this financial year we shall do the Main street, which is phase two of the ongoing program

Through DSRAC we have secured a R10m funding which we are going to use to construct the sports field in Ntabankulu in Ward 09.

My dear Compatriots,

On Local Economic Development

Our role on Local Economic Development is clear.

We wish to create an environment that enables small to medium enterprises and businesses to grow.

We are hopeful that, through working together we will soon realise the full potential of Ntabankulu and attract big business and industry.

Indeed that work is being done and is yielding results.

Just to mention as an example, through working with Local Business people who have answered our call, we now recently opened Ntabankulu Plaza.

In this regard we now have a series of chain stores in Ntabankulu from Shoprite, KFC, Regies, Autozone and other upcoming shops.

Through these, jobs are created and business is growing.

We must thank the entrepreneurs who have listened when we made a call for working together. Mr. M. Tansti is one of them.

Through direct funding we have registered and supported the following cooperatives and SMME's from 2011/2012 up to 2015/2016 with a total of R1 280,000

- *Njingalwazi Cooperative in ward 2*
- *Eyethu Youth Furniture Cooperative in ward 2*
- *Imveliso cooperative in ward 4*
- *Masikhule poultry cooperative in ward 4*
- *Masizame cooperative in ward 5*
- *Izandla Ziyaphilisa cooperative in ward 7*
- *Abahlobo vegetable cooperative in ward 7*
- *Masiphumelele cooperative in ward 10*
- *Babondla Poultry cooperative in ward 13*
- *Indonga cooperative & Zubenathi cooperative in ward 18*
- *Support for one car wash at in ward 9*
- *Pondo cultural Festival in ward 6*

Through Expanded Public Works Program Projects the Department of Environmental Affairs Funded R5M for the following:

- Street cleaning and Town beatification: R2 090 (Supervisors) R1 760 (General workers) 90 beneficiaries;
- Youth Jobs in waste: R3 300 (Supervisor) R3 090 (Administrators) 9 beneficiaries

Through Expanded Public Works Program Project we funded through a direct funding from public works a total of R1. 502 681M

- EPWP Safety and Security: 33 Security, 7 Traffic Wardens @ EPWP rate R1734.70 with 40 beneficiaries.

Expanded Public Works Program through DORA Funding of R1.293M

- Cleansing Project Urban street cleaning and municipal sites: @ EPWP rate R1 694.16 with 66 beneficiaries

We also started an Unemployed Training & Development targeting unemployed youths and funded it with R2, 4m. through that fund we have done:

- *Training on Traffic Diploma(1 year) through LGSETA and Equitable Share funding for 5 unemployed young people of Ntabankulu*
- *Services Seta internship: 17 interns: Paid stipend of R3 000, 00 per month*
- *LGSETA Internship: 20 Interns: Paid stipend of R1500 per month*
- *Treasury Internship: 4 interns: Paid stipend R8 333.00 per month*
- *Municipal Internships: 8 interns: Paid stipend of R3500,00*
- *Ward Secretaries trained on Office Administration for all wards*

Through Special Programs Unit Support during 2014/2015-2015/2016: R1m was spent to do the following:

- *Beauty contest: Miss Ntabankulu: 1ST Prize, 2nd Prize & 3rd Prize (3 beneficiaries @ ward 11)*
- *Top Matric achievers awards: First runner, Second runner & Third runner (3 beneficiaries @ ward 9,11 & 12)*
- *Grade 12 achievers awards, Learners license drivers program*
- *Tourism, Arts and Culture development*
- *School uniform to 30 identified OVC's and stimulation material to 3 pre-schools*
- *Three elderly project as per need analysis*
- *Two women projects as per need analysis*

- *Disabled sector plan*
- *Mayoral cup games*
- *5 library programs (library week, career exhibition, literacy day, holiday program through funding from DSRAC and Ntabankulu Local Municipality)*

Currently in the 2015/2016 financial year we have the following Projects under implementation

Expanded Public Works Program Projects through DORA Funding and allocation of R1m is being spent on;

- *38 beneficiaries from Siyacoca, 5 beneficiaries for pothole building maintenance, 5 beneficiaries for electrification, 10 beneficiaries for Grass cutting and 4 beneficiaries for Rangers. (62 beneficiaries)*

Also in Expanded Public Works Program Projects direct EPWP Funded R1,1m we have employed and enrolled;

- *20 Hall caretakers and 15 Traffic Wardens*
- *20 learners enrolled to hospitality program*

Unemployed Training & Development: R520 000

- *Unemployed training: computer literacy. 21 beneficiaries*
- *Unemployed training on CPMD through LGSETA Discretionary Grant*
- *Unemployed training: LED*

Waste Management projects 2015/2016: R1, 4m

- *Landfill site plant machinery*
- *Recycling Machinery*

Dear friends and Compatriots,

Planned projects for the financial year 2016/2017 are as follows

Expanded Public Works Program Projects through DORA Funding of R1.2m will be spent on the following

- *10 beneficiaries for Grass cutting and 4 beneficiaries for Rangers. (14 beneficiaries)*
- *20 Hall caretakers and 15 Traffic Wardens*
- *20 learners enrolled to hospitality program*
- *5 beneficiaries for building maintenance, 5 beneficiaries for electricity*

Expanded Public Works Program Projects through EPWP Funding: R767 760, 00 will be spent on the following:

- *38 beneficiaries from Siyacoca,*

- Cemetery 2 beneficiaries

Local Economic Development Planned Projects 2016/2017 are as follows:

Proposed SMME & Cooperative Support 2016/2017: R1 015,000

- Support to abahlobo vegetable cooperative
- Support to Masikhule furniture cooperative
- Support to crafters
- Training of SMME's
- Establishment of furniture production centre

Proposed Special Programs Unit Support 2016/2017 at a total budgeted of R1 210,000 will be as follows:

- NYDA programs
- Back to school and living the dream for youth
- 16 days of activism
- Training program for Disabled
- Mandela day program
- Golden games for elderly
- World Aids Day
- 4 library programs (library week, career exhibition, literacy day, holiday program through funding from DSRAC and Ntabankulu Local Municipality)
- 1 Program on labour week

Land Use Management is budgeted at R500, 000 to be used for the following

- Residential settlement
- Housing needs beneficiaries
- Illegal subdivisions

We are confident that our Local Economy will grow.

On Housing

The South African Government is taking the provision of decent living conditions seriously. The change of the name of the Department of Housing to being the Department of Human Settlements reflected that seriousness.

In this regard as government we do not just provide housing but we are providing human settlements.

This means that we are committed to providing decent living conditions and improve human dignity.

Through Human settlements we have done the following:

072-418 5319

The Budget

Our Budgeting process has been undertaken under the most unfavourable economic conditions that the country has ever faced.

Due to global factors and the slow growth of our own economy as the country we have seen the most trying times.

Commodity prices have remained high whilst the power of the rand has gone down.

This has made it difficult for us to provide the necessary services to our people.

However the difficulty we have tried to be efficient and ensure that we prioritise those items that are needed the most by our people.

The Municipality has budgeted an amount of R228 126 228, with no deficit and is detailed as follows:

Non Grant Funding Income	34 765 467
Grant Revenue	193 360 760
Total Revenue	228 126 227
Expenditure	
Personnel Costs	60 367 734
General Expenditure	47 651 761
Finance Costs	70 000
Provisions	8 344 733
Repairs and Maintenance	3 800 000
Capital Expenditure	107 892 000
Total Expenditure	228 126 228

This will leave us with a zero surplus and zero deficit.

The municipal own and grant funded income is as follows:-

In conclusion.

Our term as this council has come to an end.

Today will be the last Budget Speech before the 2016 Local Government Elections.

Therefore we have come here to bid farewell to everyone as Council.

Before I sit down my dear friends and compatriots.

Allow me to personally thank all my fellow councillors.
Having served with you and led the executive have been a beautiful experience for me.
Having been a Mayor in this council has taught me a lot of things.
I have learnt from you how to lead with dignity and respect.
You have afforded me all the respect any Mayor can ask for even though I am young to most of you.
I am thank full for the support you have given me every day.

On behalf of all councillors, allow me to express a special thanks to the Management and all employees of this municipality.
You all have served us with enthusiasm and with passion.
We may have been hard on you at times, but we did that because we trusted your caparcity.
The change we today see in Ntabankulu happened through you efforts.
You sleepess nights and long days are now paying off.
You work is now seen by the people of Ntabankulu.
Ningathyafi, nakwiCouncil ezayo ze nizimisele.

Lastly and Most importantly allow me to thank the African National Congress for having shown confidence in me.
It was the ANC that saw me fit to carry this difficult task of being a Mayor and deployed me.
I am hope full that I have not disappointed you my dear comrades.
I hope I have met your expectations and exceeded them.

Lastly let me take this opportunity to thank the people of Ntabankulu for affording us the chance to lead them.
Without your support we would not have done what we did.
It was your continued trust in us that encouraged us to go further.
Personally for me it has been a great honour to serve you.
And so I humbly stand before you all to say thank you.

At this point as I sit down it is worthy for me to leave you with words from former President Thabo Mbeki.
He said these words when he was inaugurated as president in 2009. He also quoted himself in his resignation speech in 2008 when he said "Those who complete the course will do so only because they do not, as fatigue sets in, convince themselves that the road ahead is long, and the inclines too steep, the loneliness impossible to bear and the prize itself doubtful of value"

Thank you all,
Ndiyabulela,
Enkosi

1.1 Council Resolutions

On the 27th of May 2016 Council of Ntabankulu Local Municipality met in Municipal Hall to consider the Annual Budget of the municipality for the financial year 2016/2017. The Council approved and adopted the following resolutions:

1. That the Annual IDP 2016/2017 be approved;
2. That the Annual Budget 2016/2017 be approved as per section 22 of the MFMA.
3. That the Council approves the Annual Budget of the Municipality for the financial year 2016/2017; and indicative for the two projected outer years 2017/2018 and 2018/2019 be approved as set out in the following;
 - Operating Revenue by Source ...
 - Operating Expenditure by Source ...
 - Capital Expenditure by vote ...
 - Capital Funding by source
4. Council approves that the measurable performance objectives for each vote reflected in adopted budget are approved for the draft budget year 2016/2017.
5. The Council approves the amended and non-amended budget related policies that are as follows:-
 - Budget Policy
 - Asset Management Policy
 - Transport Policy
 - Credit Control & Debt Collection Policy
 - Supply Chain Management Policy
 - Property Rates Policy
 - Indigent Policy
 - Cash & Investment Policy
 - Petty Cash Policy
 - Catering Policy
 - Commitments Policy
6. That the Council approves 2016/2017 Tariffs

1.2 Executive Summary

METHOD OF PREPARATION

The Annual Budget was prepared based on the **Activity Based Method** and Zero Based Method. It has also been prepared in line with National Priorities, Provincial Development Growth Plan (PDGP), In terms of the method all some of the votes and line items were reduced to zero and some votes have the previous financial year budget figures and effected an inflation rate, and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The Strategic planning session was arranged by Municipal Manager on 16th and the 20th of May 2016, to solicit information which was expected to reach the Chief Financial Officer within that week. All departments gave input that was to be used to finalise the SDBIP.

The Municipality has developed a Revenue Enhancement Strategy that will assist in increasing the own revenue. The Municipality will implement the Credit Control policy to reduce the high level of revenue from outstanding debtors.

The municipality had challenges in terms of the overall performance in terms of the Audit Outcomes. The municipality has a target of achieving an unqualified audit for the budgeted financial period. The summary of audit outcomes for the 2013/2015 financial years is tabled below:-

Financial Year	Audit outcome
2011-2012	Adverse Audit Opinion
2012/2013	Qualified Audit Opinion
2013/2014	Disclaimer Audit Opinion
2014/2015	Qualified Audit Opinion

In terms of service delivery to the community the municipality have improved the lives of many people through the achievements of its projects and objects that were set on the IDP's as reviewed and amended from financial to the other in the term of 2011-2016.

The table below shows the summary of achievements on capital projects planned for the 5 year IDP.

IDP CAPITAL PROJECTS ACHIEVED ON 2011/2016 FINANCIAL PERIODS				
Financial Year	Services	No of Wards serviced	Expenditure	Source of Funding
INFRASTRUCTURE				
2011-2012	Access Roads – 20km's	03	R19m	MIG
2012/2013	Access Roads – 27.7km's	05	R23m	MIG
	Pre-school	01		
2013/2014	Access Roads – 44.2km's	06	R24m	MIG
	Bridge	01		
2014/2015	Access Roads – 9.2km's	04	R25.5m	MIG
	Bridge	01		
	Testing Ground	01		
	Sport-field	01		
	Multi-Purpose Centre	01		
	Landfill site	01		
	Hawker Stall		R1.1m	EQ
2015/2016	Access Road - 20km's	04	R26.3m	
	Sport-field	01		
	Multi-Purpose Centre	01		
	Upgrade of Transido	01		
	Internal Street	01	R40.1m	P.T.G
ELECTRIFICATION				
2010/2011	700 Households	01	R10m	E.P
2011/2012	945 Households	01	R15m	E.P
2012/2013	133 Households	01	R5m	E.P
2013/2014	743 Households	03	R20m	E.P
2014/2015	1195 Households	03	R38m	ESKOM
2014/2015	1355 Households	04	R30m	DBSA
	1840 Households	06	R40m	DBSA
	269 Households	01	R4.5m	Re-G.F
2015/2016	Substation 132/22kv 20 MVA	01	R32.4m	ESKOM
	Chicadee Line 132kv 40km	01		
	Feeder Bay 132 kv	01		
	290 Households	03		
	1205 Households	02	R33.6m	INEP
2015/2016	Instalation of 20 street lights	01	R2m	EQ

1.4 Operating Budget

In terms of GRAP format Capital Grants receivable are included in the Operating Budget. Capital Expenditure is not included in Operating Budget.

Operating expenditure is the day to day management items of the Municipality, i.e.:

- Salaries and Wages;
- Repairs and Maintenance;
- Depreciation on Assets,
- Insurance,
- Electricity,
- Telephone,
- Subsistence and Travelling Allowances,
- Fuel etc.

The total budget amounts to **R228 626 227**, the breakdown of which is operational budgeted revenue of **R132 666 227**, capital budget **R95 960 000**, and internally generated funds (own revenue) of **R35 265 467**. Table 1 hereunder summarizes the budget per department

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1. Table 1 which is Consolidated Overview of the 2016/2017 Draft Medium Term Revenue Expenditure Forecast.

Table 1

	Adjustment Budget 2015/16	Draft Budget 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Total Revenue (excluding capital transfers and contributions)	123 028 197	132 666 227	114 409 564	165 065 449
Total Expenditure	113 547 047	120 484 227	134 615 696	178 248 792
Surplus/(Deficit) for the year	9 481 150	12 182 000	-20 206 132	-13 183 343
Total capital expenditure	112 965 591	108 142 000	77 460 710	87 877 068

Total Revenue by source**Table 2**

Revenue	Amount	Percentage
Property Rates	6,500,000.00	2.84%
Service Charges	445,000.00	0.20%
Rental of Facilities	1,094,820.00	0.48%
Interest earned – external	2,300,000.00	1.00%
Interest earned – internal	150,000.00	0.00%
Fines	2,800,000.00	1.20%
Government Grants	97,400,760.00	43.00%
Capital Grants	95,960,000.00	42.00%
Other	21,975,646.87	9.60%
Total	228,626,226.87	100%

Total Expenditure by type**Table 3**

Expenditure	Amount	Percentage
Employee Related Costs	49 667 890	41%
Remuneration of Councillors	10 689 844	9%
Provisions	2 046 236	2%
Depreciation	5 698 496	5%
Repairs and Maintenance	3 800 000	3%
Finance Charges	10 000	0%
General Expenses	48 561 760	40%
Sub-total	120 484 227	100
Capital	108 142 000	
TOTAL	228 626 227	

Annual Budget per Department**Table4**

Department	Income	Expenditure	Capital
Executive & Council	24 228 482	24 788 113	106 762 000
Budget & Finance	34 498 131	38 148 120	450 000
Corporate Services	16 116 702	16 116 702	Nil
Community Services	24 689 948	23 759 948	930 000
Economic & Environmental Services	17 221 344	17 221 344	
Trading services	550 000	450 000	
Deficit			
TOTAL	117 304 607	120 134 227	108 142 000

Capital Budget

Capital projects amounting to **R108 142 000** has been included in this budget. The municipality's internally generated funds available to fund these projects amount to **R12 182 000**

All projects presented in this report are the priorities as per the Integrated Development Plan which was reviewed from the month of August 2015 during the IDP Road-shows and the strategic planning session held in May 2016 by the municipality.

Funding of Capital Budget**Table 5**

INEP	40 000 000
MIG	35 960 000
DSRAC	10 000 000
Provincial Treasury	10 000 000
<i>Sub Total</i>	95 960 000
Internal funds	12 182 000
TOTAL	108 142 000

Property Rates

The new Property Valuation Roll came into effect the 1 July 2013 and this will come to expire at the end of 2016/17 financial year ending 30 June 2017. The Supplementary Valuation Roll 3 has been prepared and Final SV3 is available of which notifications were done to Rate Payers through advert and public notices to the Ratepayers. This was to give Ratepayers aggrieved by new General Valuation Values of their Properties to lodge objections as per requirements of Local Government: Municipal Property Rates Act. The Final Supplementary Valuation Roll 3 was implemented from March 2016. The tariffs have been changed by an increase of 6.6% as per Budget circular 79. The ratepayers will only benefit the gazetted rebates.

Tariffs

Table 6

Service Type	Category of user/users	Tariffs 2015-2016	New Tariffs 2016-2017
Property Rates	Domestic	R 0.004	0.0043
	Business	R 0.004	0.0043
	Government	R 0.015	0.016
	Vacant	R 0.004	0.0043
Senior citizens with property valued less than R200.000.00		R1600.00 per annum	R1706 per annum
Refuse Removal	Domestic	R 70.00	R 74.62
	Government	R 120.00	R 127.92
	Business	R 150.00	R 200.00
Burial and Cemeteries	Single Grave once off	R 130.00	R 138.58
	Double grave once off	R 250.00	R 266.50
	Renewal fee for Double grave & Single grave	R 100.00	R 106.60
Library Membership Fee		R50 per annum	R 53.30
Rental Office	Large Businesses	R78.65 per square meter	R 83.84
	Small Businesses	R30.25 per square meter	R 32.25
Rental :Municipal Hall	Independently (Private use)	R65.00 per hour	R 69.29
	Business & Government	R100.00 per hour	R 106.60
Building Plan fees	Commercial, industrial Government	R5.00 per square meter	R 5.33

	Low cost funded by DPT of human settlement	R5.00 per square meter	R 5.33
	Residential by individual owners	R4.00 per square meter	R 4.26
	Administration for alteration in the existing building (extending, fitting of glasses, etc)	R 250.00	R 266.50
	PENALTY-Administration for as built plans	R 300.00	R 319.80
Town Planning	S.G. Diagram	R 80.00	R 84.40
	General Plan	R 100.00	R 106.60
	Zoning Certificate	R 50.00	R 53.30
Zoning and Rezoning of Land	Amendments to scheme clauses	R2,080.00	R 2,217.28
	Less than 5000sqm (including minor and inconsequential)	R2,080.00	R 2,217.28
	5000sqm-5ha	R7,398.00	R 7,886.27
	>5ha – 10ha	R18,475.00	R 19,694.35
	>10ha		
	Basic	R27,164.00	R 28,956.82
	1ha in excess of 10ha	R2,174.00	R 2,317.48
	Material change to the application	50% of the applicable rezoning fee as indicated above	50% of the applicable rezoning fee as indicated above
	Applicable Appeals (MSA sec. 62)	R 967	R 1,030.82
Subdivision of Land/Consolidation	Basic application fee	R1,025.00	R 1,092.65
	Less than 6 subs per portion	R500 per sub	R 533
	6 - 10 subs per portion	R400 per sub	R 426.00
	11–20 subs per portion	R300 per sub	R 319.80
	More than 21 subs per portion	R200 per sub	R 213.20
	Applicants appeals	R 967.00	R 1,030.82
	Consolidation	R1,000.00	R 1,066.00

	All instances where the conditions are removed via a PDA process	R3,695.00	R 3,938.87
Consent	Consent & change of use of land or building	R3,695.00	R 3,938.87
	Bed & Breakfast/Guest house applications	R3,695.00	R 3,938.87
	Sand mining & any other mining application	R3,695.00	R 3,938.87
	Applicant appeals	R 967.00	R 1,030.82
	On a property <300sqm in extent	R1,000.00	R 1,066.00
	On a property between 300 and 1000sqm in extent	R2,500.00	R 2,665.00
	On a property >1000sqm	R4,000.00	R 4,264.00
	RELAXATION		
	For residential sites	R 300	R 319.80
	Non-residential sites	R4,000.00	R 4,264.00
	Relaxation of height of boundary walls in excess of 3m (Residential & Non Residential)	R 930.00	R 991.38
Trading Tariffs	Hawkers		
	· Fruit & Vegetables	R52.90 per annum	R56.39 per annum
		Renewal R52.90 per annum	Renewal R56.39 per annum
	· Clothing	R74.06 per annum	R78.98 per annum
		R74.06 per annum	Renewal R78.98 per annum
	Businesses	R1000.00 per annum	R 1 066.00 per annum
		Renewal R500.00 per	Renewal R533.00 per

		annum	annum
Advertising	1.5 m x 3.0m	R120.00 per structure per month	R127.92 per structure per month
	3.0m x 6.0m	R209.00 per structure per month	R222.79 per structure per month
Pound Fees	Livestock small and Large	R60.00 per head for entering (add)R25.00 for 12hrs per head	R63.60 per head for entering (add) R26.65 for 12 hrs per head
Clearance certificate		R 10.00	R 10.66
Waste Removal		R 150.00	R 159
Garden Waste Removal Fees		R 120.00	R 127.92
Spot fines for illegal dumping	Households	R 200.00	R 213.20
Tender Fees	General Practitioners (Surgeries & Clinics)	R 500.00	R 533
	Business entities	R 300.00	R 319.80
	Between R200 000 and R1000 000	R 300.00	R 319.80
	Between R1000 000 and R10 000 000	R 500	R 533
	Above R10 000 000	R 700	R 746.20
Services Rendered by Traffic			
Removal per motor vehicle	Drivers, vehicle owners and Companies	R 440.00	R 440.00
Removal per Heavy motor vehicle	Drivers, vehicle owners and Companies	R 1,000.00	R 1,000.00

Tracing of vehicle owner	Drivers, vehicle owners and Companies	R 130.00	R 130.00
Call out fee	Drivers, vehicle owners and Companies	R 60.00	R 60.00
Impounding fee per vehicle (Storage)	Drivers, vehicle owners and Companies	R100.00 per Day	R100.00 per Day
Impounding fee per vehicle recovered for causing intentional obstruction on any public road.	Drivers, vehicle owners and Companies	R330.00 per Day	R330.00 per Day
Escorting services: for Sporting events and other gatherings	Businesses, Departments and Community	R 100.00 per office per hour	R 100.00 per office per hour
Escorting services:Abnomal vehicles and Loads	Businesses, Departments and Community	R100.00 per office per hour	R100.00 per office per hour
Temporary closure of Public Road or part there of pertaining to Street Parties and other gatherings.	Businesses, Departments and Community	R100.00 per officer per hour	R100.00 per officer per hour
No person may drive motor vehicle on public Road without a valid Driver's Licence in his/her possession.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R330.00 per Day	R330.00 per Day
No person may drive unlicensed motor vehicle on public Road.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 100.00 per office per hour	R 100.00 per office per hour
Failure to display valid clearance certificate on motor vehicle driven on public road.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R100.00 per office per hour	R100.00 per office per hour
Impounding fee for motor vehicle per day.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 100.00	R 100.00
Stopping a public Transport motor vehicle Bus/Taxi on area that is not designated for picking up or dropping	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 700.00	R 700.00

off passengers.			
Allowing unlicensed driver to drive motor vehicle on a public road without a valid driver's licence.	Unlicensed drivers, Drivers, Vehicle owners, learner drivers	R 1,000.00	R 1,000.00

ACCUMULATED DEFICIT/SURPLUS

The Annual Budget has zero balance. There is no deficit or surplus.

1.5 Operating Revenue Framework

For Ntabankulu Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2015/2016 MTREF (classified by main revenue source):

Table 7 Summary of revenue classified by main revenue source

EC444 Ntabankulu - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	2,236	2,891	2,722	2,844	2,844	2,844	-	6,500	7,131	7,729
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	(6)	(6)	(6)	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	160	170	233	280	280	280	-	445	477	133
Service charges - other											
Rental of facilities and equipment		881	813	948	1,084	1,084	1,084		1,095	1,163	1,231
Interest earned - external investments		1,559	1,754	1,709	2,278	2,000	2,278		2,300	2,523	178
Interest earned - outstanding debtors		-	-	521	16	40	16		150	165	178
Dividends received		-	-	-	-	-	-		-	-	-
Fines		433	606	1,191	1,701	1,701	1,701		2,800	2,974	3,149
Licences and permits		274	172	131	-	-	-		-	-	-
Agency services		-	-	-	-	-	-		-	-	-
Transfers recognised - operational		67,715	74,367	85,682	103,356	105,424	103,356		97,401	99,548	105,226
Other revenue	2	657	1,822	407	-	-	-	-	21,976	11,435	47,492
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		73,907	82,590	93,536	111,558	113,373	111,558	-	132,666	125,414	165,317

1.6.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 1:025.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse.
- The applicant must submit proof of his/her age, identity and also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and

- The property must be categorized as residential.

Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work,
Sports grounds used for purposes of amateur sport.

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

There are drastic increases on some revenue line items, the explanation is detailed below.

The **property rates** have an increase of **128 percent** comparing 2015/2016 financial period and 2016/2017 budgeted period. The increase arose in tariff increase, and the anticipated billing increase in the properties that were vacant sites before the completion of Supplementary Valuation Roll, which are now being developed and some have completed their development. The municipality is now implementing Revenue Enhancement Strategy, wherein there are properties that were not included in the valuation roll will be included and the billing will increase. The necessary calculations were undertaken to inform the budgeted amount on property rates.

On **refuse** there is an increase of **196 percent** comparing 2015/2016 financial period to 2016/2017 budgeted period. On business properties the tariff has been increased by 33.33 percent due to the high volume of refuse gets collected. Even so the increase will not lead to enough revenue for covering the cost of this service. It has also been anticipated that through the Revenue Enhancement Strategy implementation and billing of the developed sites, that the billing will be equivalent to the budgeted amount.

Interest on outstanding debtors has increased by **275 percent** between 2015/2016 and 2016/2017 financial periods. On Revenue Enhancement Strategy implementation it is anticipated that the budgeted amount will be collected.

Traffic fines has increased by **65 percent** between 2015/2016 financial period and 2016/2017 financial period, because the Driving License Testing Centre will be fully functional from 2016/2017 financial year. The current revenue from Traffic section is collected from the sub section of testing and licensing. There is also a system that will assist in maintaining the records of traffic fines and ease the process of collecting traffic fines.

Table 8 Operating Transfers and Grant Receipts

EC444 Ntabankulu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		65,265	72,434	85,462	102,752	500	103,252	96,383	99,282	103,165
Local Government Equitable Share		62,559	69,894	79,930	98,871	-	98,871	93,327	97,382	101,010
		1,867	1,650	1,800	1,800	-	1,800	1,825	1,900	2,155
		839	890	934	930	-	930	-	-	-
				2,798	1,031	-	1,031	1,231	-	-
						500	500	-	-	-
Other transfers/grants [insert description]					120	-	120	-	-	-
Provincial Government:		-	-	-	600	366	966	-	-	-
					200	366	566	-	-	-
Other transfers/grants [insert description]					400		400			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	65,265	72,434	85,462	103,352	866	104,218	96,383	99,282	103,165
Capital Transfers and Grants										
National Government:		43,213	44,271	55,577	96,395	62,318	58,702	75,960	77,738	118,000
		28,213	24,271	25,577	26,395	27,318	28,702	35,960	27,738	59,000
					40,000	-	-			
Other capital transfers/grants [insert desc]		15,000	20,000	30,000	30,000	35,000	30,000	40,000	50,000	59,000
Provincial Government:		-	-	-	46,850	(6,850)	40,000	10,000	-	-
Other capital transfers/grants [insert description]					46,850	(6,850)	40,000	10,000		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	30,100	-	-	-	10,000	-	-
DBSA LOAN				30,100	-	-	-	10,000		
DSRAC										
Total Capital Transfers and Grants	5	43,213	44,271	85,677	143,245	55,468	98,702	95,960	77,738	118,000
TOTAL RECEIPTS OF TRANSFERS & GRANTS		108,478	116,705	171,139	246,597	56,334	202,920	192,343	177,020	221,165

Tariff-setting is a vital and strategic part of the compilation of any budget. When rates, tariffs and other charges were set, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all

increases in excess of the 6.6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

Table 9 Comparison of proposed rated levies for the 2016/2017 financial year

Service Type	Category of user/users	Tariffs 2015/2016	Proposed Increase/Decrease	New Tariffs 2016/2017
Property Rates	Domestic	R0.004	6.6%	R0.0043
	Business	R0.004	6.6%	R0.0043
	Government	R0.015	6.6%	R0.016
Senior citizens with property valued less than R200.000.00		R1600.00 per annum	6.6%	R1706.00 per annum

Waste Removal and Impact of Tariff Increases

Generally, in most municipalities, solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

An increase of 6.6% on all tariffs has been applied except for the refuse charge on Business properties. Business properties have an increase of 25% and changed on the Annual budget. Higher increases will not be violable in 2016/2017 owing to significant increases implemented in previous financial years as well as the overall impact of higher inflation increases of other

services. Any increase higher than 10 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2016:

Table 10 Comparison between current waste removal fees and increases

Refuse Removal	Domestic	R70.00	6.6%	R74.62
	Government	R120.00	6.6%	R127.92
	Business	R150.00	Not % based	R200.00

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/2017 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item

Expenditure By Type											
Employee related costs	2	28,442	33,436	39,431	35,704	34,749	-	-	49,678	53,829	63,573
Remuneration of councillors		8,114	9,027	9,163	11,292	11,292	11,292		10,690	11,287	12,065
Debt impairment	3	4,757	1,906	1,407	529	-	529		2,046	2,245	2,433
Depreciation & asset impairment	2	6,091	9,128	10,583	2,824	2,824	-	-	5,698	6,251	6,776
Finance charges		97	12	73	100	-	-	-	10	11	12
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	2,083	792	1,369	3,600	3,520	3,520		3,800	3,599	3,990
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	29,469	45,990	51,486	43,797	49,968	43,797	-	48,562	43,852	48,826
Loss on disposal of PPE		538	413	35	-	-	-	-	-	-	-
Total Expenditure		79,590	100,703	113,545	97,846	102,352	59,138	-	120,484	121,074	137,676
Surplus/(Deficit)		(5,683)	(18,113)	(20,009)	13,712	11,020	52,420	-	12,182	4,340	27,641
Transfers recognised - capital		34,201	44,271	56,077	103,245	103,484	103,484		95,960	77,738	59,000
Contributions recognised - capital	6	-	-	-	-	-	-	-	(108,142)	(77,461)	(87,877)
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		28,518	26,158	36,068	116,957	114,505	155,904	-	(0)	4,617	(1,236)

The budgeted allocation for employee related costs for the 2016/2017 financial year totals R60 367 734 which equals 50% per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of **10.1 percent** for the 2016/2017 financial year. An average annual increase of around **9.7 percent** for 2017/2018 and **8.4 percent** for 2017/2018 financial years of the MTREF

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2016/2017 financial year this amount equates to **R2 046 236** and escalates to **R2 244 721** by 2017/2018 and **R2 433 277** by 2017/2018. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total **R5 698 497** for the 2016/2017 financial and equates to **5 percent** of the total operating expenditure.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. The expenditure for other materials is expected to be constant over the MTERF period.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2016/17 financial year.

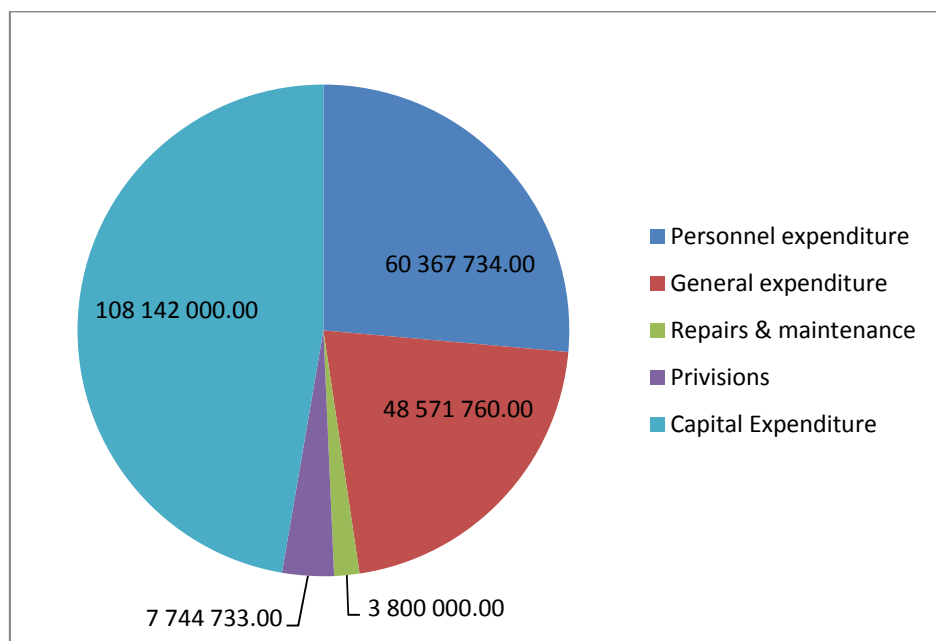


Figure 1 Main operational expenditure categories for the 2016/17 financial year

1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration and purchases of materials

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 12 Repairs and maintenance per asset class

EC444 Ntabankulu - Supporting Table SA34c Consolidated repairs and maintenance by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Repairs and maintenance expenditure by Asset Class/Sub-class												
Infrastructure			-	-	-	1,800	(80)	1,720	250	268	284	
Infrastructure - Road transport			-	-	-	1,450	(280)	1,170	150	161	170	
Roads, Pavements & Bridges						1,450	(280)	1,170	150	161	170	
Storm water												
Infrastructure - Electricity			-	-	-	350	200	550	100	107	114	
Generation												
Transmission & Reticulation												
Street Lighting						350	200	550	100	107	114	
Infrastructure - Water			-	-	-	-	-	-	-	-	-	
Dams & Reservoirs												
Water purification												
Reticulation												
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-	
Reticulation												
Sewerage purification												
Infrastructure - Other			-	-	-	-	-	-	-	-	-	
Waste Management												
Transportation		2										
Gas												
Other		3										
Community			-	-	-	-	-	-	2,400	2,573	2,725	
Parks & gardens												
Sportsfields & stadia												
Swimming pools									2,400	2,573	2,725	
Community halls												
Libraries												
Recreational facilities												
Fire, safety & emergency												
Security and policing		7										
Buses												
Clinics												
Museums & Art Galleries												
Cemeteries												
Social rental housing		8										
Other												
Heritage assets			-	-	-	-	-	-	-	-	-	
Buildings												
Other		9										
Investment properties			-	-	-	-	-	-	-	-	-	
Housing development												
Other												
Other assets			5,854	5,146	2,250	1,800	-	1,800	1,150	758	811	
General vehicles				-		400	-	400	300	329	357	
Specialised vehicles		10	-	-	-	-	-	-	450	-	-	
Plant & equipment												
Computers - hardware/equipment						50	-	50				
Furniture and other office equipment						400	-	400				
Abattoirs												
Markets												
Civic Land and Buildings												
Other Buildings						800	50	850	400	429	454	
Other Land												
Surplus Assets - (Investment or Inventory)												
Other			5,854	5,146	2,250	150	(50)	100				
Agricultural assets			-	-	-	-	-	-	-	-	-	
List sub-class												
Biological assets			-	-	-	-	-	-	-	-	-	
List sub-class												
Intangibles			-	-	-	-	-	-	-	-	-	
Computers - software & programming												
Other (list sub-class)												
Total Repairs and Maintenance Expenditure			1	5,854	5,146	2,250	3,600	(80)	3,520	3,800	3,599	3,819

For the 2016/17 financial year R3.8 million of total repairs and maintenance will be spent on infrastructure assets.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The registering of households as indigents is a process that is reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR B10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 13 MBRR Table 2 2016/17 Medium-term capital budget per vote

Capital Expenditure - Standard											
Governance and administration	1,267	2,636	86,809	111,536	111,226	111,226	-	107,212	76,845	87,225	
Executive and council			84,100	110,436	109,726	109,726		106,762	76,351	86,690	
Budget and treasury office	755	1,968	2,634	1,100	1,500	1,500		450	494	535	
Corporate services	513	668	75								
Community and public safety	-	-	-	-	-	-	-	930	616	652	
Community and social services								930	616	652	
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services	28,898	29,339	-	-	1,740	1,740	-	-	-	-	
Planning and development											
Road transport	28,898	29,339			1,740	1,740					
Environmental protection											
Trading services	-	-	-	-	-	-	-	-	-	-	
Electricity											
Water											
Waste water management											
Waste management											
Other											
Total Capital Expenditure - Standard	3	30,165	31,975	86,809	111,536	112,966	112,966	-	108,142	77,461	87,877

For 2016/17 an amount of R106 762 million has been appropriated for the development of infrastructure. This represents 99% of the total capital budget.

New assets total represents 100 per cent or R108 142 million of the total capital. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR B9 (Assets Management). In addition to the B9 MBRR, SB 18c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient project to be undertaken over the medium term includes, amongst others. Furthermore contains a detail breakdown of the capital per project over the MTRF.

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes*.

Table 14 MBRR Table A1 - Budget Summary

EC444 Ntabankulu - Table A1 Consolidated Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	2,236	2,891	2,722	2,844	2,844	2,844	-	6,500	7,131	7,729
Service charges	154	164	227	280	280	280	-	445	477	133
Investment revenue	1,559	1,754	1,709	2,278	2,000	2,278	-	2,300	2,523	178
Transfers recognised - operational	67,715	74,367	85,682	103,356	105,424	103,356	-	97,401	99,548	105,226
Other own revenue	2,244	3,413	3,198	2,800	2,824	2,800	-	26,020	15,736	52,050
Total Revenue (excluding capital transfers and contributions)	73,907	82,590	93,536	111,558	113,373	111,558	-	132,666	125,414	165,317
Employee costs	28,442	33,436	39,431	35,704	34,749	-	-	49,678	53,829	63,573
Remuneration of councillors	8,114	9,027	9,163	11,292	11,292	11,292	-	10,690	11,287	12,065
Depreciation & asset impairment	6,091	9,128	10,583	2,824	2,824	-	-	5,698	6,251	6,776
Finance charges	97	12	73	100	-	-	-	10	11	12
Materials and bulk purchases	2,083	792	1,369	3,600	3,520	3,520	-	3,800	3,599	3,990
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	34,763	48,309	52,927	44,326	49,968	44,326	-	50,608	46,097	51,260
Total Expenditure	79,590	100,703	113,545	97,846	102,352	59,138	-	120,484	121,074	137,676
Surplus/(Deficit)	(5,683)	(18,113)	(20,009)	13,712	11,020	52,420	-	12,182	4,340	27,641
Transfers recognised - capital	34,201	44,271	56,077	103,245	103,484	103,484	-	95,960	77,738	59,000
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	(108,142)	(77,461)	(87,877)
Surplus/(Deficit) after capital transfers & contributions	28,518	26,158	36,068	116,957	114,505	155,904	-	(0)	4,617	(1,236)
Share of surplus/ (deficit) of associate	-	-	1,348	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	28,518	26,158	37,416	116,957	114,505	155,904	-	(0)	4,617	(1,236)
Capital expenditure & funds sources										
Capital expenditure	30,165	31,975	86,809	111,536	112,966	112,966	-	108,142	77,461	87,877
Transfers recognised - capital	30,165	31,975	86,809	102,136	95,286	95,286	-	96,000	77,461	87,877
Public contributions & donations	-	-	75	9,400	10,590	10,590	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	7,089	7,089	-	12,142	-	-
Total sources of capital funds	30,165	31,975	86,885	111,536	112,966	112,966	-	108,142	77,461	87,877
Financial position										
Total current assets	31,714	30,206	20,490	36,696	38,039	30,614	26,240	32,581	32,887	34,539
Total non current assets	141,200	168,190	244,865	223,610	223,230	223,183	80,922	332,773	405,927	490,688
Total current liabilities	10,530	7,940	8,632	-	-	-	-	-	-	-
Total non current liabilities	3,965	5,873	36,063	-	-	-	-	-	-	-
Community wealth/Equity	158,419	184,583	220,660	221,782	-	221,782	-	221,782	221,782	221,782
Cash flows										
Net cash from (used) operating	28,333	26,260	49,599	113,834	125,544	111,340	97,418	115,887	90,303	95,841
Net cash from (used) investing	(14,600)	(48,572)	37,227	115,996	11,997	110,759	44,593	108,142	77,461	87,877
Net cash from (used) financing	-	158	30,011	-	-	-	7,089	-	-	-
Cash/cash equivalents at the year end	23,540	(14,177)	126,156	239,148	137,542	231,418	149,101	224,029	391,793	575,511
Cash backing/surplus reconciliation										
Cash and investments available	7,976	9,319	1,894	7,976	9,319	1,894	3,651	1,894	1,894	1,894
Application of cash and investments	6,903	5,889	554	(22,475)	(29,155)	(25,511)	-	(20,013)	(20,267)	(21,997)
Balance - surplus (shortfall)	1,073	3,430	1,341	30,451	38,474	27,405	3,651	21,907	22,161	23,891
Asset management										
Asset register summary (WDV)	41,461	96,268	157,008	223,610	224,660	262,489	235,429	235,429	271,780	308,470
Depreciation & asset impairment	6,091	9,128	10,583	2,824	2,824	-	5,698	5,698	6,251	6,776
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	5,854	5,146	2,250	3,600	(80)	3,520	3,800	3,800	3,599	3,819
Free services										
Cost of Free Basic Services provided	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	3,600	4,800	6,000	8,000	73,840	81,840	7,359	7,359	4,000	42,360
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the two outer years of the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

EC444 Ntabankulu - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		107,393	94,328	148,065	198,619	202,818	202,818	185,897	160,851	176,185
Executive and council		-	60,557	-	169,567	173,705	173,705	131,732	99,869	111,833
Budget and treasury office		107,393	21,728	148,065	14,526	14,556	14,556	38,048	45,008	48,307
Corporate services		-	12,042	-	14,526	14,556	14,556	16,117	15,975	16,045
<i>Community and public safety</i>		561	14,744	1,322	21,358	22,691	22,691	25,458	24,935	26,406
Community and social services		561	13,405	-	19,349	20,682	20,682	23,308	22,630	23,965
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	1,339	1,322	2,009	2,009	2,009	2,150	2,305	2,441
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	16,956	-	15,060	15,160	15,160	16,721	17,426	17,571
Planning and development		-	8,775	-	8,849	8,949	8,949	9,921	10,536	11,158
Road transport		-	8,180	-	6,211	6,211	6,211	6,800	6,890	6,414
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		160	839	233	400	400	400	550	610	639
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		160	839	233	400	400	400	550	610	639
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	108,114	126,867	149,619	235,436	241,069	241,069	228,626	203,823	220,801
Expenditure - Standard										
<i>Governance and administration</i>		47,719	75,569	83,884	72,575	16,044	74,213	186,265	157,464	174,100
Executive and council		16,567	18,392	20,579	22,293	1,499	23,791	131,550	99,869	111,833
Budget and treasury office		18,716	43,336	47,342	35,877	469	36,346	38,598	41,333	44,805
Corporate services		12,435	13,840	15,963	14,406	14,076	14,076	16,117	16,262	17,463
<i>Community and public safety</i>		10,119	14,102	16,341	21,358	23,420	23,420	24,690	24,778	3,093
Community and social services		10,119	12,906	15,008	19,349	21,361	21,361	22,540	22,473	652
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	1,196	1,333	2,009	2,059	2,059	2,150	2,305	2,441
<i>Economic and environmental services</i>		21,752	10,766	13,019	15,041	15,513	15,513	17,221	17,015	16,971
Planning and development		13,015	7,446	8,670	8,846	9,496	9,496	10,421	10,125	9,584
Road transport		8,738	3,320	4,349	6,195	6,017	6,017	6,800	6,890	7,387
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	267	301	400	400	400	450	482	511
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	267	301	400	400	400	450	482	511
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	79,590	100,703	113,545	109,374	55,378	113,547	228,626	199,739	194,675
Surplus/(Deficit) for the year		28,524	26,164	36,074	126,062	185,691	127,522	(0)	4,084	26,126

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital).

Table 13 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC444 Ntabankulu - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote		1									
Vote 1 - Council			–	8,552	–	132,710	133,109	133,109	10,770	11,372	12,157
Vote 2 - Municipal Manager			–	52,005	–	36,857	40,596	40,596	120,962	88,496	99,676
Vote 3 - Budget & Treasury Office			107,393	21,728	148,065	14,526	14,556	14,556	38,048	45,008	48,307
Vote 4 - Corporate Services			–	11,819	–	14,526	14,556	14,556	16,117	15,975	16,045
Vote 5 - Community Services			561	13,405	–	19,349	20,682	20,682	23,308	22,630	23,965
Vote 6 - Strategic Services			–	8,627	–	8,849	8,949	8,949	9,921	10,536	11,158
Vote 7 - Infrastructure Planning & Development			–	8,180	–	6,111	6,111	6,111	6,800	6,890	6,414
Vote 8 - Traffic			–	–	–	100	100	100	–	–	–
Vote 9 - Refuse			160	839	233	400	400	400	550	610	639
Vote 10 - Public Safety			–	1,339	1,322	2,009	2,009	2,009	2,150	2,305	2,441
Vote 11 - [NAME OF VOTE 11]			–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]			–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]			–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]			–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]			–	–	–	–	–	–	–	–	–
Total Revenue by Vote		2	108,114	126,495	149,619	235,436	241,069	241,069	228,626	203,823	220,801
Expenditure by Vote <i>to be appropriated</i>		1									
Vote 1 - Council			11,945	9,027	9,968	12,097	–	12,097	10,770	11,372	12,157
Vote 2 - Municipal Manager			4,623	9,365	10,611	10,195	1,499	11,694	120,780	88,496	99,676
Vote 3 - Budget & Treasury Office			18,716	43,336	47,342	35,877	469	36,346	38,598	41,333	44,805
Vote 4 - Corporate Services			12,435	13,840	15,963	14,406	14,076	14,076	16,117	16,262	17,463
Vote 5 - Community Services			10,119	12,906	15,008	19,349	21,361	21,361	22,540	22,473	652
Vote 6 - Strategic Services			13,015	7,446	8,670	8,846	9,496	9,496	10,421	10,125	9,584
Vote 7 - Infrastructure Planning & Development			8,738	3,320	4,349	6,195	6,017	6,017	6,800	6,890	7,387
Vote 8 - Traffic			–	–	–	–	–	–	–	–	–
Vote 9 - Refuse			–	267	301	400	400	400	450	482	511
Vote 10 - Public Safety			–	1,196	1,333	2,009	2,059	2,059	2,150	2,305	2,441
Vote 11 - [NAME OF VOTE 11]			–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]			–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]			–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]			–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]			–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		2	79,590	100,703	113,545	109,374	55,378	113,547	228,626	199,739	194,675
Surplus/(Deficit) for the year		2	28,524	25,792	36,074	126,062	185,691	127,522	(0)	4,084	26,126

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC444 Ntabankulu - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Revenue By Source												
Property rates	2	2,236	2,891	2,722	2,844	2,844	2,844	–	6,500	7,131	7,729	
Property rates - penalties & collection charges												
Service charges - electricity revenue	2	(6)	(6)	(6)	–	–	–	–	–	–	–	
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–	
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–	
Service charges - refuse revenue	2	160	170	233	280	280	280	–	445	477	133	
Service charges - other												
Rental of facilities and equipment		881	813	948	1,084	1,084	1,084		1,095	1,163	1,231	
Interest earned - external investments		1,559	1,754	1,709	2,278	2,000	2,278		2,300	2,523	178	
Interest earned - outstanding debtors		–	–	521	16	40	16		150	165	178	
Dividends received		–	–	–	–	–	–		–	–	–	
Fines		433	606	1,191	1,701	1,701	1,701		2,800	2,974	3,149	
Licences and permits		274	172	131	–	–	–		–	–	–	
Agency services		–	–	–	–	–	–		–	–	–	
Transfers recognised - operational		67,715	74,367	85,682	103,356	105,424	103,356		97,401	99,548	105,226	
Other revenue	2	657	1,822	407	–	–	–	–	21,976	11,435	47,492	
Gains on disposal of PPE												
Total Revenue (excluding capital transfers and contributions)		73,907	82,590	93,536	111,558	113,373	111,558	–	132,666	125,414	165,317	
Expenditure By Type												
Employee related costs	2	28,442	33,436	39,431	35,704	34,749	–	–	49,678	53,829	63,573	
Remuneration of councillors		8,114	9,027	9,163	11,292	11,292	11,292		10,690	11,287	12,065	
Debt impairment	3	4,757	1,906	1,407	529	–	529		2,046	2,245	2,433	
Depreciation & asset impairment	2	6,091	9,128	10,583	2,824	2,824	–	–	5,698	6,251	6,776	
Finance charges		97	12	73	100	–	–		10	11	12	
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–	
Other materials	8	2,083	792	1,369	3,600	3,520	3,520		3,800	3,599	3,990	
Contracted services		–	–	–	–	–	–	–	–	–	–	
Transfers and grants		–	–	–	–	–	–	–	–	–	–	
Other expenditure	4, 5	29,469	45,990	51,486	43,797	49,968	43,797		48,562	43,852	48,826	
Loss on disposal of PPE		538	413	35								
Total Expenditure		79,590	100,703	113,545	97,846	102,352	59,138	–	120,484	121,074	137,676	
Surplus/(Deficit)												
Transfers recognised - capital		(5,683)	(18,113)	(20,009)	13,712	11,020	52,420	–	12,182	4,340	27,641	
Contributions recognised - capital	6	34,201	44,271	56,077	103,245	103,484	103,484		95,960	77,738	59,000	
Contributed assets		–	–	–	–	–	–	–	(108,142)	(77,461)	(87,877)	
Surplus/(Deficit) after capital transfers & contributions		28,518	26,158	36,068	116,957	114,505	155,904	–	(0)	4,617	(1,236)	
Taxation												
Surplus/(Deficit) after taxation		28,518	26,158	36,068	116,957	114,505	155,904	–	(0)	4,617	(1,236)	
Attributable to minorities												
Surplus/(Deficit) attributable to municipality		28,518	26,158	36,068	116,957	114,505	155,904	–	(0)	4,617	(1,236)	
Share of surplus/ (deficit) of associate	7			1,348								
Surplus/(Deficit) for the year		28,518	26,158	37,416	116,957	114,505	155,904	–	(0)	4,617	(1,236)	

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R **228 626** million in 2016/17 and decreases to **R224 317** million by 2018/19.
2. Revenue to be generated from property rates is R6 million in the 2016/17 financial year and increases to R7.7 million by 2018/19 which represents 3 percent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored with the inflation rate applicable to each of the respective financial years of the MTREF as per Circular 79.
3. Services charges relating to refuse removal is also critical to the revenue basket of the Municipality totalling R445 000 for the 2016/17 financial year and increasing to R448 090 by 2018/19.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases.
5. Employee related costs and general expenses are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and general expenses (other costs) in future years

Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Capital Expenditure - Standard										
<i>Governance and administration</i>	1,267	2,636	86,809	111,536	111,226	111,226	-	107,212	76,845	87,225
Executive and council			84,100	110,436	109,726	109,726		106,762	76,351	86,690
Budget and treasury office	755	1,968	2,634	1,100	1,500	1,500		450	494	535
Corporate services	513	668	75							
<i>Community and public safety</i>	-	-	-	-	-	-	-	930	616	652
Community and social services								930	616	652
Sport and recreation										
Public safety										
Housing										
Health										
<i>Economic and environmental services</i>	28,898	29,339	-	-	1,740	1,740	-	-	-	-
Planning and development										
Road transport	28,898	29,339			1,740	1,740				
Environmental protection										
<i>Trading services</i>	-	-	-	-	-	-	-	-	-	-
Electricity										
Water										
Waste water management										
Waste management										
<i>Other</i>										
Total Capital Expenditure - Standard	3	30,165	31,975	86,809	111,536	112,966	-	108,142	77,461	87,877

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations..
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the

purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

- The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 18 MBRR Table A6 -Budgeted Financial Position

EC444 Ntabankulu - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS											
Current assets											
Cash		7,976	9,319	1,894	7,976	9,319	1,894	3,651	1,894	1,894	1,894
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	914	592	1,133	1,408	1,408	1,408	8,626	9,722	9,722	9,722
Other debtors		3,522	879	6,881	7,895	7,895	7,895	3,382	10,383	10,689	12,341
Current portion of long-term receivables											
Inventory	2	19,301	19,417	10,582	19,417	19,417	19,417	10,582	10,582	10,582	10,582
Total current assets		31,714	30,206	20,490	36,696	38,039	30,614	26,240	32,581	32,887	34,539
Non current assets											
Long-term receivables											
Investments											
Investment property		11,658	11,658	9,026	11,658	11,658	11,658	9,026	9,026	9,026	9,026
Investment in Associate											
Property, plant and equipment	3	129,392	156,439	235,716	211,450	211,450	211,450	71,943	323,625	396,779	481,540
Agricultural											
Biological											
Intangible		150	93	122	502	122	75	(47)	122	122	122
Other non-current assets											
Total non current assets		141,200	168,190	244,865	223,610	223,230	223,183	80,922	332,773	405,927	490,688
TOTAL ASSETS		172,914	198,396	265,355	260,305	261,269	253,797	107,163	365,354	438,814	525,227
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits											
Trade and other payables	4	10,419	7,760	8,632	–	–	–	–	–	–	–
Provisions		111	179								
Total current liabilities		10,530	7,940	8,632	–	–	–	–	–	–	–
Non current liabilities											
Borrowing		–	–	30,011	–	–	–	–	–	–	–
Provisions		3,965	5,873	6,053	–	–	–	–	–	–	–
Total non current liabilities		3,965	5,873	36,063	–	–	–	–	–	–	–
TOTAL LIABILITIES		14,494	13,813	44,695	–	–	–	–	–	–	–
NET ASSETS	5	158,419	184,583	220,660	260,305	261,269	253,797	107,163	365,354	438,814	525,227
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		158,419	184,583	220,660	221,782	–	221,782	–	221,782	221,782	221,782
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	158,419	184,583	220,660	221,782	–	221,782	–	221,782	221,782	221,782

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understanding for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as

“accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table B6 is supported by an extensive table of notes (Sb2 and B7) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 19 MBRR Table A7 - Budgeted Cash Flow Statement

EC444 Ntabankulu - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		1,119	1,409	3,474	2,844	2,844	2,844	1,935	6,500	7,131	7,729
Service charges		1,915	6,824		280	280	280	29	445	477	133
Other revenue		638		2,722	11,189	15,519	13,122	10,077	25,870	15,571	51,872
Government - operating	1	64,741	74,367	119,566	103,356	105,424	103,356	82,085	97,401	99,282	105,226
Government - capital	1	31,460	44,271	21,577	103,245	112,984	103,245	56,105	95,960	77,738	59,000
Interest		1,559	1,754	2,230	2,294	2,040	2,040	11	2,450	2,682	347
Dividends									-	-	-
Payments											
Suppliers and employees		(73,002)	(102,353)	(99,670)	(109,274)	(113,447)	(113,447)	(52,826)	(112,729)	(112,567)	(128,455)
Finance charges		(97)	(12)	(298)	(100)	(100)	(100)		(10)	(11)	(12)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		28,333	26,260	49,599	113,834	125,544	111,340	97,418	115,887	90,303	95,841
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1	1,229	280					-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (Increase) other non-current receivables									-	-	-
Decrease (Increase) in non-current investments									-	-	-
Payments											
Capital assets		30,165	26,304	87,315	111,536	-	112,966		108,142	77,461	87,877
NET CASH FROM/(USED) INVESTING ACTIVITIES		(14,600)	(48,572)	37,227	115,996	11,997	110,759	44,593	108,142	77,461	87,877
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans			158						-	-	-
Borrowing long term/refinancing								7,089	-	-	-
Increase (decrease) in consumer deposits				30,011					-	-	-
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	158	30,011	-	-	-	7,089	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		13,733	(22,153)	116,837	229,829	137,542	222,099	149,101	224,029	167,764	183,718
Cash/cash equivalents at the year begin:	2	9,807	7,976	9,319	9,319	-	9,319		-	224,029	391,793
Cash/cash equivalents at the year end:	2	23,540	(14,177)	126,156	239,148	137,542	231,418	149,101	224,029	391,793	575,511

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals –R793 thousand as at the end of the 2018/19.

Table 20 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC444 Ntabankulu - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

EC444 (Tabankulu) - Table A6 Consolidated Cash backed Reserves accumulated surpluses reconciliation											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	23,540	(14,177)	126,156	239,148	137,542	231,418	149,101	224,029	391,793	575,511
Other current investments > 90 days		(15,564)	23,496	(124,262)	(231,172)	(128,223)	(229,524)	(145,450)	(222,135)	(389,898)	(573,617)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		7,976	9,319	1,894	7,976	9,319	1,894	3,651	1,894	1,894	1,894
Application of cash and investments											
Unspent conditional transfers		2,741	1,595	1,576	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	4,162	4,294	(1,022)	(22,475)	(29,155)	(25,511)	-	(20,013)	(20,267)	(21,997)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		6,903	5,889	554	(22,475)	(29,155)	(25,511)	-	(20,013)	(20,267)	(21,997)
Surplus(shortfall)		1,073	3,430	1,341	30,451	38,474	27,405	3,651	21,907	22,161	23,891

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. For the rest of the MTREF a surplus is indicated.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the revised 2016/17 MTREF budget is funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 21 MBRR Table A9 - Asset Management

EC444 Ntabankulu - Table A9 Consolidated Asset Management

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Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality has not met both these recommendations due to funds constraints.

Table 22 MBRR Table A10 - Basic Service Delivery Measurement

EC444 Ntabankulu - Table A10 Consolidated basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		96,000	144,000	168,000	192,000	-	192,000	216,000	240,000	264,000
<i>Minimum Service Level and Above sub-total</i>		96,000	144,000	168,000	192,000	-	192,000	216,000	240,000	264,000
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		3,600,000	4,800,000	6,000,000	8,000,000	73,840,000	81,840,000	7,359,000	4,000,000	42,360,000
<i>Below Minimum Service Level sub-total</i>		3,600,000	4,800,000	6,000,000	8,000,000	73,840,000	81,840,000	7,359,000	4,000,000	42,360,000
Total number of households	5	3,696,000	4,944,000	6,168,000	8,192,000	73,840,000	82,032,000	7,575,000	4,240,000	42,624,000
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		155	375	730	920	-	920	1,544	3,000	4,500
Electricity/other energy (50kwh per household per month)		#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		12	14	16	18	18	20	25	30	30
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Total cost of FBS provided		#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA										
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6									

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 5 581 households to be registered as indigent in 2016/17, and therefore entitled to receiving Free Basic Services. The number is expected to be constant given although in real terms is supposed to increase due to the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R7,4 million in 2016/17, and R4.3 million in 2018/19. This is covered by the municipality's equitable share allocation from national government.

2 Part 2 – Supporting Documentation

2.1 Overview of the budget process

This was covered during the preparation of the budget that was adopted in August 2015.

Below is the IDP and Budget Process Plan that was utilised to facilitate the processes of IDP consultation, consolidation, and alignment with the Budget to the final stage of approval by the Council.

2.2 Overview of alignment of Annual Budget with IDP

The development of the IDP of 2016-2017 and the 2016/2017 Budget Compilation were done simultaneously. The Community Participation Process IDP priorities and the implications will yield discussion on the current and future budget. The Community in this regard had been invited for comments on both the Draft IDP and the 2015/2017 Budget. The IDP was then aligned to budget, was finalised and adopted by the Council on the 27th of May 2016.

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Department's strategies are therefore linked to the 5 KRA's Details of the Budgets allocated to the various departments that were reflected in schedules SA4-6 of the draft budget

The Departmental SDBIP contains projects and programmes listed in the IDP. The General Manager's performances plan is linked to the Departmental SDBIP.

The SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic Direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through link with the IDP.
- The Financial Imperative – Through links with the Budget
- The Performance Imperative – Through links to the PMS

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South Africa society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A Municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst other, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with Nation and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of the revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of

- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPI's);
- Accelerated and Shared Growth
- National 2014 Vision;
- National Spatial Development
- The National Priority Outcomes

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 23 IDP Strategic Objectives

2016/2017 Financial Year		2017/2018 MTREF	
1	The Provision of quality Basic Services and Infrastructure	1	Provision of quality Basic Services and Infrastructure
2	Acceleration of higher and shared economic growth and development	2	Economic growth and development that leads to sustainable job creation
3	Fighting of Poverty, building clean, healthy, safe and sustainable communities	3.1	Fighting of Poverty, building clean, healthy, safe and sustainable communities
		3.2	Integrated Social Services for empowered and sustainable communities
4	Fostering participatory democracy	4	Foster participatory democracy and

	and adherence to Batho Pele principles through a caring, accessible and accountable service		Batho Pele principles through a caring, accessible and accountable service
5	Good governance, Financial viability and institutional governance	5.1	Promote sound governance
		5.2	Ensure financial sustainability
		5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget with that of national and provincial government. All spheres of government place a high priority on infrastructure development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements. This was done during consultative budget processes during preparatory process for the budget that was adopted in May hence the revised budget is also informed by the adopted budget.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic service and infrastructure which includes, amongst others:
 - Provide Electricity
 - Provide Water
 - Provide Sanitation
 - Provide Waste Removal
 - Provide Housing
 - Provide Roads and Storm Water; and
 - Maintaining the Infrastructure of the municipality
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 -
 - Ensuring planning processes function in accordance with set timeframes;

- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure (EPWP)
3. Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
 - Working with the Provincial Department of Health to provide primary health care services;
 - Extending waste removal services and ensuring effective cleansing;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
- 3.1 Integrated Social Services for empowered and sustained communities
- Work with Provincial Departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and

opportunities faced by the municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above..

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building Social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals

Lessons learned with Previous IDP revision planning cycles as well as changing environments were taken into consideration in the compilation for the revised IDP, including;

- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and

continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



Figure 5 Planning, Budgeting and Reporting Cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

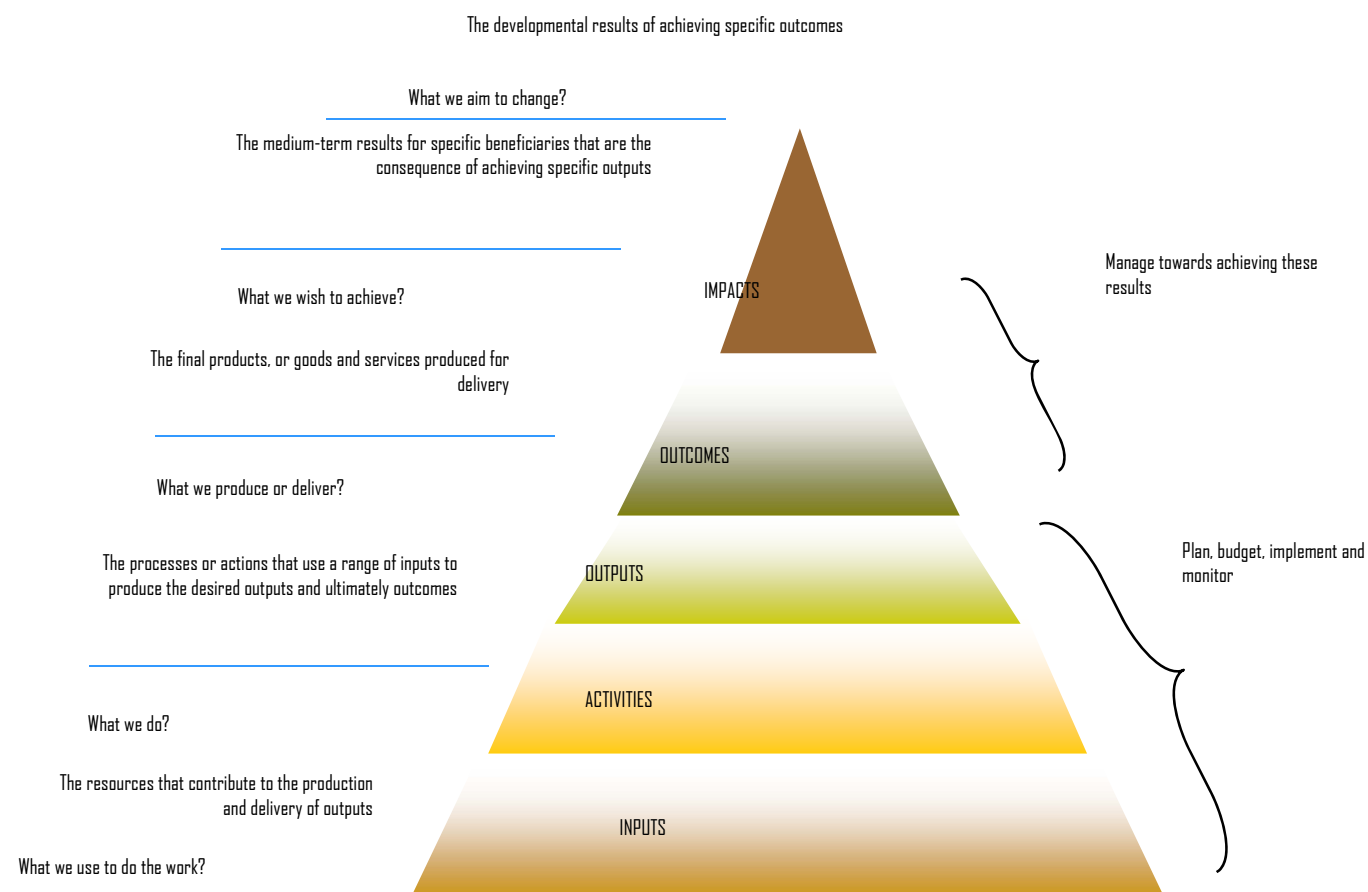
- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitor and checking on the progress against plan);
- Measurement (indicators of success)
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (marking changes where necessary)

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.



The revised SBDIP provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

2.3.1 Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.

The gearing ratio is a measure of the total long term borrowings over funds and reserves. Currently, the municipality have outstanding borrowings from DBSA for funding of Electrification. The Loan was received on 2014/2015 financial year, an amount of R30 100 000, and on 2015/2016 financial year an amount of R7 089 442 was also received.

2.3.2 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. Going forward it will be necessary to maintain these levels.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

2.3.3 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.4 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure that municipality is working towards 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers'

perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2016/17 financial year 9 292 registered household indigents and only 5581 have been approved and provided for in the budget with this figure hoping to maintain by 2017/18.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR B10 (Basic Service Delivery Measurement) on page 31.

2.4 OVERVIEW OF BUDGET RALATED POLICIES

As listed hereunder are all the policies that are current adopted by

Ntabankulu Local Municipality. All these policies can be viewed on the official municipal website www.ntabankulu.gov.za

Approved Policies

- 1 Credit Control & Debt Collection Policy
- 2 Asset Management Policy
- 3 Property Rates Policy
- 4 Tariff Policy
- 5 Supply Chain Management Policy
- 6 Indigent Policy
- 7 Budget Policy
8. Transport Policy
9. Investment Policy

2.5 Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2016/17 budget:

✚ Estimate Salary Increases

- 2016/17 – 10.1%
- 2017/18 – 9.7%
- 2018/19 – 8.4%

✚ Debt Impairment: the overall collection levels are estimate around 95% overall for the NLM.

Payment levels for the following revenue streams have been estimated as follows:

- Property Rates 95% in 2016 / 2017)
- Refuse 95% in 2016/ 2017)

✚ Indigent Support is 55% on registered indigents;

✚ Ntabankulu Local Municipality will continue with its current powers and functions;

✚ Government grants for the years 2016/2017 to 2018/2019 are as per the Division of Revenue Act, assuming that all allocations will be received;

✚ The inflation rate has been estimated at 6.6% per annum;

✚ Provision was made to contribute to the Provision for Leave Reserve. However, staff will be encouraged to redeem their leave.

TARIFFS, OTHER THAN PROPERTY RATES AND REFUSE

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2015-2016	Proposed Increase/Decrease	New Tariffs 2016-2017
Burial and Cemeteries	Single Grave once off	R130.00	6.6%	R138.58
	Double grave	R250.00	6.6%	R266.50

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2015-2016	Proposed Increase/Decrease	New Tariffs 2016-2017
	once off			
	Renewal fee for Double grave & Single grave	R100.00	6.6%	R106.60
Library Membership Fee		R50 per annum	6.6%	R53.30
Rental Office	Large Businesses	R78.65 per square meter	6.6%	R83.84
	Small Businesses	R30.25 per square meter	6.6%	R32.25
Rental :Municipal Hall	Independently (Private use)	R65.00 per hour	6.6%	R69.29
	Business & Government	R100.00 per hour	6.6%	R106.60
Building Plan fees	Commercial, industrial Government	R5.00 per square meter	6.6%	R5.33
	Low cost funded by DPT of human settlement	R5.00 per square meter	6.6%	R5.33
	Residential by individual owners	R4.00 per square meter	6.6%	R4.26
	Administration for alteration in the existing	R250.00	6.6%	R266.5

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2015-2016	Proposed Increase/Decrease	New Tariffs 2016-2017
	building (extending, fitting of glasses.etc)			
	PENALTY-Administration for as built plans	R300.00	6.6%	R319.80
Town Planning	S.G. Diagram	R80.00	6.6%	R84.40
	General Plan	R100.00	6.6%	R106.60
	Zoning Certificate	R50.00	6.6%	R53.30
Zoning and Rezoning of Land	Amendments to scheme clauses	R2,080.00	6.6%	R2 217.28
	Less than 5000sqm (including minor and inconsequential)	R2,080.00	6.6%	R2 217.28
	5000sqm-5ha	R7,398.00	6.6%	R7 886.27
	>5ha – 10ha	R18,475.00	6.6%	R19 694.35
	>10ha		6.6%	
	Basic	R27,164.00		R28 956.82
	1ha in excess of 10ha	R2,174.00		R2 317.48

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2015-2016	Proposed Increase/Decrease	New Tariffs 2016-2017
	Material change to the application	50% of the applicable rezoning fee as indicated above	None	50% of the applicable rezoning fee as indicated above
	Applicable Appeals (MSA sec. 62)	R967	6.6%	R1 030.82
Subdivision of Land/Consolidation	Basic application fee	R1,025.00	6.6%	R1 092.65
	Less than 6 subs per portion	R500 per sub	6.6%	R533
	6 - 10 subs per portion	R400 per sub	6.6%	R426.00
	11-20 subs per portion	R300 per sub	6.6%	R319.80
	More than 21 subs per portion	R200 per sub	6.6%	R213.20
	Applicants appeals	R967.00	6.6%	R1 030.82
	Consolidation	R1,000.00	6.6%	R1 066.00
	All instances where the conditions are removed via a PDA process	R3,695.00	6.6%	R3 938.87

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2015-2016	Proposed Increase/Decrease	New Tariffs 2016-2017
Consent	Consent & change of use of land or building	R3,695.00	6.6%	R3 938.87
	Bed & Breakfast/Guest house applications	R3,695.00	6.6%	R3 938.87
	Sand mining & any other mining application	R3,695.00	6.6%	R3 938.87
	Applicant appeals	R967.00	6.6%	R1 030.82
	On a property <300sqm in extent	R1,000.00	6.6%	R1 066.00
	On a property between 300 and 1000sqm in extent	R2,500.00	6.6%	R2 665.00
	On a property >1000sqm	R4,000.00	6.6%	R4 264.00
	RELAXATION			
	For residential sites	R300	6.6%	R319.8

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2015-2016	Proposed Increase/Decrease	New Tariffs 2016-2017
	Non-residential sites	R4,000.00	6.6%	R 4264.00
	Relaxation of height of boundary walls in excess of 3m (Residential & Non Residential)	R930.00	6.6%	R991.38
Trading Tariffs	Hawkers		6.6%	R56.39 per annum
	<ul style="list-style-type: none"> Fruit & Vegetables Clothing 	R52.90 per annum Renewal R52.90 per annum R74.06 per annum Renewal R74.06 per annum		Renewal R56.39 per annum R78.98 per annum Renewal R78.98 per annum
	Businesses	R1000.00 per annum Renewal R500.00 per annum	6.6%	R 1 066.00 per annum Renewal R533.00 per annum

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2015-2016	Proposed Increase/Decrease	New Tariffs 2016-2017
Advertising	1.5 m x 3.0m	R120.00 per structure per month	6.6%	R127.92 per structure per month
	3.0m x 6.0m	R209.00 per structure per month	6.6%	R222.79 per structure per month
Pound Fees	Livestock small and Large	R60.00 per head for entering (add)R25.00 for 12hrs per head	6.6%	R63.60 per head for entering (add) R26.65 for 12 hrs per head
Clearance certificate		R10.00	6.6%	R10.66
Waste Removal		R150.00	6.6%	R159
Garden Waste Removal Fees		R120.00	6.6%	R127.92
Spot fines for illegal dumping	Households	R200.00	6.6%	R213.20
	General Practitioners (Surgeries & Clinics)	R500.00	6.6%	R533

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2015-2016	Proposed Increase/Decrease	New Tariffs 2016-2017
	Business entities	R300.00	6.6%	R319.80
Tender Fees	Between R200 000 and R1000 000	R300.00	6.6%	R319.80
	Between R1000 000 and R10 000 000	R500	6.6%	R533
	Above R10 000 000	R700	6.6%	R746.20
Services Rendered by Traffic				
Removal per motor vehicle	Drivers, vehicle owners and Companies	R 440.00	None	R 440.00
Removal per Heavy motor vehicle	Drivers, vehicle owners and Companies	R1000.00	None	R1000.00
Tracing of vehicle owner	Drivers, vehicle owners and Companies	R130.00	None	R130.00
Call out fee	Drivers, vehicle owners and Companies	R 60.00	None	R 60.00
Impounding fee per vehicle (Storage)	Drivers, vehicle owners and Companies	R100.00 per Day	None	R100.00 per Day

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2015-2016	Proposed Increase/Decrease	New Tariffs 2016-2017
Impounding fee per vehicle recovered for causing intentional obstruction on any public road.	Drivers, vehicle owners and Companies	R330.00 per Day	<i>None</i>	R330.00 per Day
Escorting services: for Sporting events and other gatherings	Businesses, Departments and Community	R 100.00 per office per hour	<i>None</i>	R 100.00 per office per hour
Escorting services: Abnormal vehicles and Loads	Businesses, Departments and Community	R100.00 per office per hour	<i>None</i>	R100.00 per office per hour
Temporary closure of Public Road or part thereof pertaining to Street Parties and other gatherings.	Businesses, Departments and Community	R100.00 per officer per hour	<i>None</i>	R100.00 per officer per hour
No person may drive motor vehicle on public Road without a valid Driver's Licence in his/her possession.	Unlicensed drivers, Drivers, Vehicle owners, learner drivers	R330.00 per Day	<i>None</i>	R330.00 per Day
No person may drive unlicensed motor vehicle on	Unlicensed drivers, Drivers, Vehicle owners,	R 100.00 per office per hour	<i>None</i>	R 100.00 per office per hour

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2015-2016	Proposed Increase/Decrease	New Tariffs 2016-2017
public Road.	leaner drivers			
Failure to display valid clearance certificate on motor vehicle driven on public road.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R100.00 per office per hour	None	R100.00 per office per hour
Impounding fee for motor vehicle per day.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 100.00	None	R 100.00
Stopping a public Transport motor vehicle Bus/Taxi on area that is not designated for picking up or dropping off passengers.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 700.00	None	R 700.00
Allowing unlicensed driver to drive motor vehicle on a public road without a valid driver's licence.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 1000.00	None	R 1000.00

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as solid waste removal. The table above shows Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- The ability to extend new services and obtain cost recovery levels.

2.6 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. It gives information on what months is municipality expecting to receive revenue and which months it is also expecting to incur expenditure. This information influence investment decisions. The following cash flow management information is contained in some of schedules on the municipal revised budget and is as follows:

Supporting Table SA26 - monthly revenue and expenditure

EC444 Ntabankulu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Budget Year 2016/17														Medium Term Revenue and Expenditure Framework		
Description	Ref	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue by Vote																
Vote 1 - Council		1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	12,541	13,149	13,925
Vote 2 - Municipal Manager		7,219	7,219	7,219	7,219	7,219	7,219	7,219	7,219	7,219	7,219	7,219	7,219	86,627	89,067	100,144
Vote 3 - Budget & Treasury Office		3,960	3,960	3,960	3,960	3,960	3,960	3,960	3,960	3,960	3,960	3,960	3,960	47,523	38,846	39,110
Vote 4 - Corporate Services		1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	14,901	16,039	16,113
Vote 5 - Community Services		1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	1,782	21,384	21,249	21,447
Vote 6 - Strategic Services		865	865	865	865	865	865	865	865	865	865	865	865	10,377	9,831	9,831
Vote 7 - Infrastructure Planning & Development		624	624	624	624	624	624	624	624	624	624	624	624	7,488	6,412	6,414
Vote 8 - Traffic		66	66	66	66	66	66	66	66	66	66	66	66	788	111	111
Vote 9 - Refuse		44	44	44	44	44	44	44	44	44	44	44	44	525	556	581
Vote 10 - Public Safety		182	182	182	182	182	182	182	182	182	182	182	182	2,185	2,554	2,705
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
Total Revenue by Vote		17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	204,340	197,815	210,380
Expenditure by Vote to be appropriated																
Vote 1 - Council		1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	12,541	13,149	13,925
Vote 2 - Municipal Manager		8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	102,127	89,067	100,144
Vote 3 - Budget & Treasury Office		3,035	3,035	3,035	3,035	3,035	3,035	3,035	3,035	3,035	3,035	3,035	3,035	36,415	38,715	39,905
Vote 4 - Corporate Services		1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	14,508	15,140	15,944
Vote 5 - Community Services		1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	22,363	22,064	23,366
Vote 6 - Strategic Services		905	905	905	905	905	905	905	905	905	905	905	905	10,857	9,789	9,496
Vote 7 - Infrastructure Planning & Development		624	624	624	624	624	624	624	624	624	624	624	624	7,488	7,767	5,050
Vote 8 - Traffic		66	66	66	66	66	66	66	66	66	66	66	66	788	446	472
Vote 9 - Refuse		27	27	27	27	27	27	27	27	27	27	27	27	320	340	360
Vote 10 - Public Safety		200	200	200	200	200	200	200	200	200	200	200	200	2,405	2,554	2,705
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
Total Expenditure by Vote		17,484	17,484	17,484	17,484	17,484	17,484	17,484	17,484	17,484	17,484	17,484	17,484	209,814	199,030	211,367
Surplus/(Deficit) before assoc.																
		(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(5,474)	(1,215)	(986)
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)																
1	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(5,474)	(1,215)	(986)

Supporting Table SA30 Annual Budget - monthly cash flow

EC444 Ntabankulu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source													1		
Property rates	333	333	333	333	333	333	333	333	333	333	333	333	4,000	4,248	4,499
Property rates - penalties & collection charges													-		
Service charges - electricity revenue													-		
Service charges - water revenue													-		
Service charges - sanitation revenue													-		
Service charges - refuse revenue	33	33	33	33	33	33	33	33	33	33	33	33	398	423	133
Service charges - other													-		
Rental of facilities and equipment	96	96	96	96	96	96	96	96	96	96	96	96	1,155	1,227	1,299
Interest earned - external investments	192	192	192	192	192	192	192	192	192	192	192	192	2,300	2,443	2,587
Interest earned - outstanding debtors	13	13	13	13	13	13	13	13	13	13	13	13	150	159	169
Dividends received													-		
Fines	233	233	233	233	233	233	233	233	233	233	233	233	2,800	2,974	3,150
Licences and permits													-		
Agency services	8,126	8,126	8,126	8,126	8,126	8,126	8,126	8,126	8,126	8,126	8,126	8,126	97,516	100,502	103,362
Transfer receipts - operational													-		
Other revenue	1,672	1,672	1,672	1,672	1,672	1,672	1,672	1,672	1,672	1,672	1,672	1,672	20,061	11,079	11,713
Cash Receipts by Source	10,698	10,698	10,698	10,698	10,698	10,698	10,698	10,698	10,698	10,698	10,698	10,698	128,380	123,053	126,912
Other Cash Flows by Source															
Transfer receipts - capital	6,330	6,330	6,330	6,330	6,330	6,330	6,330	6,330	6,330	6,330	6,330	6,330	75,960	77,738	80,147
Contributions recognised - capital & Contributed assets													-		
Proceeds on disposal of PPE													-		
Short term loans													-		
Borrowing long term/refinancing													-		
Increase (decrease) in consumer deposits													-		
Decrease (increase) in non-current debtors													-		
Decrease (increase) other non-current receivables													-		
Decrease (increase) in non-current investments													-		
Total Cash Receipts by Source	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	17,028	204,340	200,791	215,059
Cash Payments by Type															
Employee related costs	4,080	4,080	4,080	4,080	4,080	4,080	4,080	4,080	4,080	4,080	4,080	4,080	48,959	51,349	53,685
Remuneration of councillors	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	12,041	12,618	13,362
Finance charges													-		
Bulk purchases - Electricity	251	251	251	251	251	251	251	251	251	251	251	251	3,010	3,197	3,386
Bulk purchases - Water & Sewer	4	4	4	4	4	4	4	4	4	4	4	4	53	57	60
Other materials													-		
Contracted services	406	406	406	406	406	406	406	406	406	406	406	406	4,871	5,172	5,478
Transfers and grants - other municipalities													-		
Transfers and grants - other													-		
Other expenditure	4,163	4,163	4,163	4,163	4,163	4,163	4,163	4,163	4,163	4,163	4,163	4,163	49,960	46,393	51,590
Cash Payments by Type	9,908	9,908	9,908	9,908	9,908	9,908	9,908	9,908	9,908	9,908	9,908	9,908	118,895	118,786	127,560
Other Cash Flows/Payments by Type															
Capital assets	7,577	7,577	7,577	7,577	7,577	7,577	7,577	7,577	7,577	7,577	7,577	7,577	90,919	77,686	89,032
Repayment of borrowing													-		
Other Cash Flows/Payments													-		
Total Cash Payments by Type	17,484	17,484	17,484	17,484	17,484	17,484	17,484	17,484	17,484	17,484	17,484	17,484	209,814	196,471	216,592
NET INCREASE/(DECREASE) IN CASH HELD	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(456)	(5,474)	4,320	(1,533)
Cash/cash equivalents at the monthly/year begin:	1,894	1,438	982	526	70	(387)	(843)	(1,299)	(1,755)	(2,211)	(2,667)	(3,123)	1,894	(3,580)	741
Cash/cash equivalents at the monthly/year end:	1,438	982	526	70	(387)	(843)	(1,299)	(1,755)	(2,211)	(2,667)	(3,123)	(3,580)	(3,580)	741	(793)

2.7 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed three interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Draft Integrated Development Plan

The Draft IDP document is in place and was tabled for the approval of the 2016/2017 Draft MTREF in March 2016 directly aligned and it informs by the 2016/17 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. Policies

Most budget related policies are in place.

2.8 Municipal Manager's quality certificate

I, Sindiswa Mankahla, Municipal Manager of Ntabankulu Local Municipality, hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Ntabankulu Local Municipality (EC 444)

Signature _____

Date _____